

**Addressing Housing Affordability in Small Communities:  
Case Studies from British Columbia**

by

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## **Abstract**

Housing affordability is an issue of increasing social, economic, and political importance in Canada. Concurrent with the broader cost of living crisis, Canadians are forced to spend growing proportions of their income on housing, with homeownership increasingly out of reach for many. However, most research on housing focuses on major urban centres. While the challenges that large cities are facing warrant significant attention, housing affordability in Canada's rural areas and small towns is often overlooked. In the interior of British Columbia, many small communities are facing housing pressures driven by the transition towards tourism-oriented economies, amenity migration, and short-term rentals. As such, this thesis asks: What are the housing affordability challenges in small towns in the interior of British Columbia, and how do community housing organizations contribute to addressing them? Three specific objectives guide the analysis: (1) to examine local housing market dynamics, including the impacts of short-term rentals; (2) to identify and assess policy initiatives across all three levels of government that seek to address housing affordability; and (3) to describe and evaluate efforts to provide community housing in these locales.

This research uses a mixed method comparative case study approach, focusing on two communities in the mountainous Kootenay region in the interior of British Columbia: the Village of Kaslo (population 1,049), and the City of Nelson (population 11,106). Both communities are experiencing similar housing pressures, with increasing hardship and insecurity for renters in particular.

Three main methods were used to address the research objectives. First, policies from all three levels of government were reviewed using a descriptive policy analysis approach, in order to characterize existing jurisdictional powers, regulatory frameworks, and affordable housing initiatives. Second, semi-structured interviews with 21 key informants were conducted in order to gain insights into local housing market dynamics and challenges. Key informants included elected government officials, municipal staff, community housing organization members, tenant advocates, and realtors, with knowledge of Nelson, Kaslo, and/or the broader Kootenay region. Third, a descriptive quantitative analysis of short-term rental

data for both case study communities was undertaken, in order to understand the nature and extent of this form of tourist accommodation and its likely impacts on housing markets.

Key findings revealed that the housing markets in Kaslo and Nelson were defined by high costs and low supply, for both renters and homeowners. Factors contributing to this context included increased demand from amenity migrants, insufficient new supply due to inadequate infrastructure and high construction costs, and social dynamics specific to the private rental market, including tenant blacklisting and landlord apprehension to rent on the long-term market. STR activity, which was found to be at levels equal to or exceeding those found in major Canadian cities, contributed to reducing supply of rental housing, and increasing rents for the stock that remained.

This research also found that the municipal governments of Nelson and Kaslo had significant responsibilities for housing, due in part to continued downloading from higher levels of government, but had constrained resources to act in this area. Nonetheless, they employed a number of measures to contend with the housing challenges they were facing, such as increasing density through secondary suites and regulating short-term rental activity. In addition, the government of British Columbia has taken action to address the province's housing crisis, and has been a key partner in the development of community housing in Kaslo and Nelson. By contrast, although the Government of Canada has recently re-engaged with housing issues through the *National Housing Strategy*, many of its policy initiatives and associated funding streams tend to focus on major urban centres, and small communities often struggle to compete for federal supports.

Non-profit and volunteer-run housing organizations have been instrumental in the provision of community housing in Kaslo and Nelson. However, these organizations face increasing pressures to deliver housing while contending with limited resources and capacity, as well as stigma surrounding community housing. Despite these significant challenges, community housing organizations have found success through partnerships with other organizations and governments. As Canada contends with a widespread housing affordability crisis, this research provides a foundation for extending inquiry on this topic beyond major urban centres to encompass the unique dynamics of small towns and rural areas.

## **Preface**

This thesis is an original work by Erika Cizek. The research project, of which this thesis is a part, received research ethics approval from the University of Alberta Research Ethics Board, Project Name “Addressing Housing Affordability in Small Communities: Case Studies from British Columbia,” Pro 00118302, on March 22, 2022.

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## List of Abbreviations

- AHR – Affordable Housing Report [City of Nelson]
- BCRHTF – British Columbia Rental Housing Task Force
- CHN – Core Housing Need
- CMHC – Canada Mortgage and Housing Corporation
- GDP – Gross Domestic Product
- GST – Goods and Services Tax
- H+T – Housing and Transportation [Affordability Index]
- HST – Harmonized Sales Tax
- MLA – Member of Legislative Assembly [of British Columbia]
- MRDT – Municipal and Regional District Tax
- MTV – Montreal, Toronto, Vancouver
- NCOH – Nelson Committee on Homelessness
- NHS – *National Housing Strategy*
- OCP – Official Community Plan
- P2P – Peer-to-peer [Accommodation]
- PST – Provincial Sales Tax
- RDCK – Regional District of Central Kootenay
- REB – Research Ethics Board
- RHI – Rapid Housing Initiative
- RMS – Rental Market Survey
- RNH – Rural and Native Housing [Program]
- RTA – *Residential Tenancy Act*
- RTB – Residential Tenancy Branch

STRs – Short-term Rentals

UBCM – Union of British Columbia Municipalities

## **1.0 Introduction**

### **1.1 Housing in Canada**

Housing affordability is an issue of increasing social, economic, and political importance in Canada. As households contend with continuous increases in costs of living across the country (Bolduc, 2023), both renters and homeowners are being forced to spend increasing portions of their income on housing. In Canada, housing is considered affordable when a household spends less than 30% of its before-tax income on shelter costs, which include utilities and rent or mortgage (Canada, 2018). However, remaining within this threshold is becoming more challenging for many Canadians; for instance, in every province, workers earning minimum wage are unable to afford one-bedroom units without spending more than 30% of their income on rent (Macdonald & Tranjan, 2023). Homeownership is also increasingly expensive, with the national average price of a home in June 2023 being \$709,000, an increase of almost 7% from June 2022. In British Columbia (BC), the province facing the greatest challenges with housing affordability, the average price of a home was \$947,000 (Canadian Real Estate Association, n.d.). In the first quarter of 2023, house prices grew 37% faster than incomes in Canada, the second-highest increase among OECD countries (OECD, 2023).

The high costs of housing in Canada can be linked to broader processes of the commodification and financialization of housing, which can be understood as the shift from housing being seen as a social good, to a financial asset and means to generate wealth, where “the value is the possibility of creating more value” (Rolnik, 2013, p. 1059). At the global scale, the financialization of housing is connected to the rise of neoliberalism in the 1980s (Rolnik, 2013), and was accelerated in the Canadian context after 1993 following the federal government’s withdrawal from funding community housing, which led to an increasing reliance on homeownership and private rental housing (Kalman-Lamb, 2017), and limited growth of supply (Jones, 2023). In the Canadian context, ‘community housing’ refers to affordable, non-market housing that is owned and operated by municipal and provincial governments, non-profit societies,

or housing co-operatives (Canada, 2018). It is also commonly referred to as social, public, or affordable housing.

The process of financialization, spurred by a series of policy decisions that privileged homeownership (Hulchanski, 2006), led to a widening disparity in wealth between homeowners and renters; for example, between 1984 and 1999, renter median wealth declined by 48%, while that of homeowners increased by 24%. As such, homeownership has become nearly synonymous with financial security (Kalman-Lamb, 2017). This redefinition of what housing means to both households and the economy is at the root of the current housing crisis in Canada, which is compounded by a multitude of complex factors, including an insufficient supply of affordable housing due to two decades of government inaction (c. 1993-2012), low interest rates (pre-2022), and a growing population, among others (Jones, 2023).

## **1.2 Responses to housing challenges in Canada**

The announcement of the *National Housing Strategy* (NHS) in 2017 signalled the shift into a new era of housing policy at the federal level. With an originally announced investment of \$40 billion, the federal government has now committed some \$82 billion of funding over ten years (from 2018 to 2028) (National Housing Strategy, n.d.). The NHS, acknowledging the complex nature of housing challenges in Canada, adopted a wide variety of measures, including investments in the construction and repair of community housing, income subsidies for households struggling with housing affordability, addressing homelessness, support for homeowners, and increased investments in housing research (Canada, 2017). Importantly, after the implementation of the NHS, the federal Parliament passed the *National Housing Strategy Act 2019*, which recognized housing as a human right in Canada.<sup>1</sup> As of March 2023, some \$33.69 billion has been committed to the NHS, which has contributed to the creation of over 100,000 units of housing, repairs for over 120,000 units, and the protection of over 41,000 units of community housing (National Housing Strategy, n.d.).

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<sup>1</sup> *National Housing Strategy Act*, S.C. 2019, c. 29, s. 313 (Assented to June 21, 2019).

Although initiatives under the NHS have stimulated an increase in the supply of housing, some have argued that it has not done enough to increase the supply of *affordable* housing, with much of this new supply unlikely to remove households from core housing need<sup>2</sup> (Beer et al., 2022). Indeed, the NHS has been characterized as “a mechanism to provide more incentives to the private sector” (Tranjan, as quoted in Bennett, 2023, n.p.). For example, of the 41,000 units of housing built under the Rental Construction Financing Initiative (National Housing Strategy, n.d.), one of the largest initiatives under the NHS, only 37% of units were below average market rents in their respective locations; this is especially concerning given the very high market rents found in many communities (Beer et al., 2022). Furthermore, Pomeroy (2020a) observes that there is a rapid erosion of ‘naturally occurring’ (i.e., unsubsidized) affordable rental units in the private market, with fifteen such units lost for every single new unit created under the NHS. He argues that this is due to the continued financialization of housing, and in particular rental housing, which has become “an asset class attracting investment from both large capital funds, as well as smaller investors, both seeking to capitalize on dramatically rising rents” (p. i). Although the release of the NHS, and the enshrinement of housing as a human right by the federal government spurred hope for many, the NHS has been argued to be “supporting the ongoing financialization of Canada’s housing stock by emphasizing low-interest loans to private developers building market rental housing” (Lee, 2022, n.p.).

### **1.3 Housing in rural communities**

Although the growing challenges with affordability are an issue affecting all of Canada, much of the extant discourse and research focus on major urban centres, especially the Montreal-Toronto-Vancouver (MTV) triptych (Combs, Kerrigan, & Wachsmuth, 2020; Waagemakers Schiff et al., 2015). While challenges in these cities warrant significant attention, housing affordability in Canada’s rural areas and small towns is often overlooked. Although there is very limited research examining financialization in rural communities, the re-conceptualization of housing from a social good to a financial asset is evidenced in rural communities

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<sup>2</sup> A household is considered to be in core housing need if they are living in housing that requires major repairs, they are living in overcrowded conditions, and/or they are paying more than 30% of their before-tax income on shelter costs (CMHC, 2019a).

through the lack of existing community housing (Gkartzios & Ziebarth, 2016), and the presence of financialized uses of housing, such as short-term rentals (August, 2022).

One reason contributing to this research lacuna is that homelessness in rural areas is often considered ‘hidden,’ characterized by temporary stays with family and friends, or living in recreational vehicles or overcrowded dwellings. When compared to the hyper-visible forms of unsheltered homelessness more typical of urban centres, the hidden nature of rural homelessness contributes to an illusion of rural housing security and affordability (Gkartzios & Ziebarth, 2016; Waagemakers Schiff et al., 2015). Additionally, rural areas are often culturally constructed as idyllic places to live, which has also contributed to the lack of recognition of housing challenges in rural communities (Gkartzios & Ziebarth, 2016).

However, it is important to note that ‘the rural’ is not a monolith, and rural areas across Canada are very diverse, ranging from agricultural communities, to industrial towns supporting resource extraction, to recreational destinations (Gkartzios & Ziebarth, 2016). Nonetheless, housing affordability is a key challenge faced by many rural communities, which has been recognized by a number of reports focusing on the economic development of rural Canada (see, e.g., Federation of Canadian Municipalities, 2018; Infrastructure Canada, 2019). Almost one-quarter of renters in rural parts of Canada are unable to find affordable housing (Infrastructure Canada, 2019), while homeowners are faced with rapid increases of house prices in many rural regions, including across British Columbia (Cosh, 2021). These trends have been especially prevalent in communities with desirable cultural, recreational, and social amenities, which are the focus of this research. In these communities, rising house prices have been argued to incentivize landlords to sell their long-term rental properties, often to newly-remote workers with high purchasing power coming from major cities, thereby displacing their long-term renters. A consequence of this dynamic is that “tenants are now being forced to compete for a dwindling supply of rental units at much higher costs” (Cosh, 2021, n.p.).

Many small communities in the interior of British Columbia, for instance, are experiencing housing pressures driven, in part, by amenity migration, tourism, and second home ownership (Chipeniuk, 2004;

Combs et al., 2020; Gkartzios & Ziebarth, 2016; Nepal & Jamal, 2011). Many of these communities have origins in resource extraction, namely forestry and mining, but with profits from extractive industries waning, these communities are capitalizing on their natural, cultural, and recreational amenities and transitioning towards tourism-based economies. However, this transition has brought various challenges, including pressures on housing (Nepal & Jamal, 2011). For example, short-term rentals (STRs), a relatively new form of tourist-oriented accommodation, have become an accessible and profitable way for landlords to lease their properties. However, STRs have been found to disrupt local housing markets by constricting supply and driving up prices of long-term rentals (Combs et al., 2020; Gómez-Martín, Armesto-López, & Cors-Iglesias, 2021; Müller, Murray, & Blázquez-Salom, 2021). At the same time, the demand for affordable rental housing in tourism-centred communities is increasing due to the increasing prevalence of low-wage, seasonal service sector jobs (Chipeniuk, 2004; Nepal & Jamal, 2011). Within this context, private market housing in these communities is becoming attainable only to affluent in-migrants, and with limited community housing, local residents are experiencing “a new form of social exclusion” (Gkartzios & Ziebarth, 2016, p. 499).

#### **1.4 Responses to housing challenges in rural communities**

Responses to the housing challenges faced by rural communities in Canada have been limited due to the general bias towards metropolitan areas in funding and policy efforts, which is reflected in the lack of recognition of rural-specific housing challenges and needs in the NHS (National Alliance to End Rural and Remote Homelessness, 2021). The only federal policy focusing specifically on rural communities was the Rural and Native Housing Program (RNH), which was active from 1974 to 1990. Across Canada, the RNH “helped create 23,000 housing units, provided 21,000 emergency repair grants and made 163,000 loans under the rural provisions of the RRAP” (Standing Senate Committee on Agriculture and Forestry, 2008, p. 208), at a cost of \$1.6 billion. More recently, rural housing issues have been acknowledged in the announcement of an *Urban, Rural, and Northern Indigenous Housing Strategy*, though this is only in regards to Indigenous housing (Trudeau, 2021). Moreover, most contemporary policy initiatives that do

focus on rural communities focus on natural resource management and economic development, not housing (Gkartzios & Ziebarth, 2016; Krawchenko et al., 2022).

### **1.5 Research question and objectives**

This research seeks to answer the following question: What are the housing affordability challenges in small towns in the interior of British Columbia, and how do community housing organizations contribute to addressing them?

To answer this question, this research is guided by three objectives:

- i. To examine local housing market dynamics, including the impacts of short-term rentals;
- ii. To identify and assess policy initiatives across all three levels of government that seek to address housing affordability;
- iii. To describe and evaluate efforts to provide community housing in these locales.

### **1.6 Significance of research**

This research extends the very limited extant scholarly analysis of the housing affordability challenges that rural communities in Canada are experiencing. As discussed above, housing affordability is a key issue across the country, yet very little scholarly attention is being directed towards *why* this issue is occurring in rural communities, *who* it is most affecting, and *how* it is impacting these communities. Using a comparative case study approach, this research will utilize mixed qualitative and quantitative methods to explore how two communities in the interior of BC are experiencing, and contending with, the impacts of the housing crisis currently afflicting the country.

### **1.7 Case study communities**

This research uses a comparative case study approach focusing on Kaslo and Nelson, located in the West Kootenay region in the southeastern interior of BC (Figure 1.1). The communities are both located in picturesque mountain settings along the shores of Kootenay Lake, where their propinquity to nature attracts

visitors and migrants in pursuit of outdoor activities, and both communities have capitalized on these natural and recreational amenities. Both are experiencing housing affordability pressures, but may have divergent capacity in their ability to exercise jurisdictional powers over housing, given their different sizes.

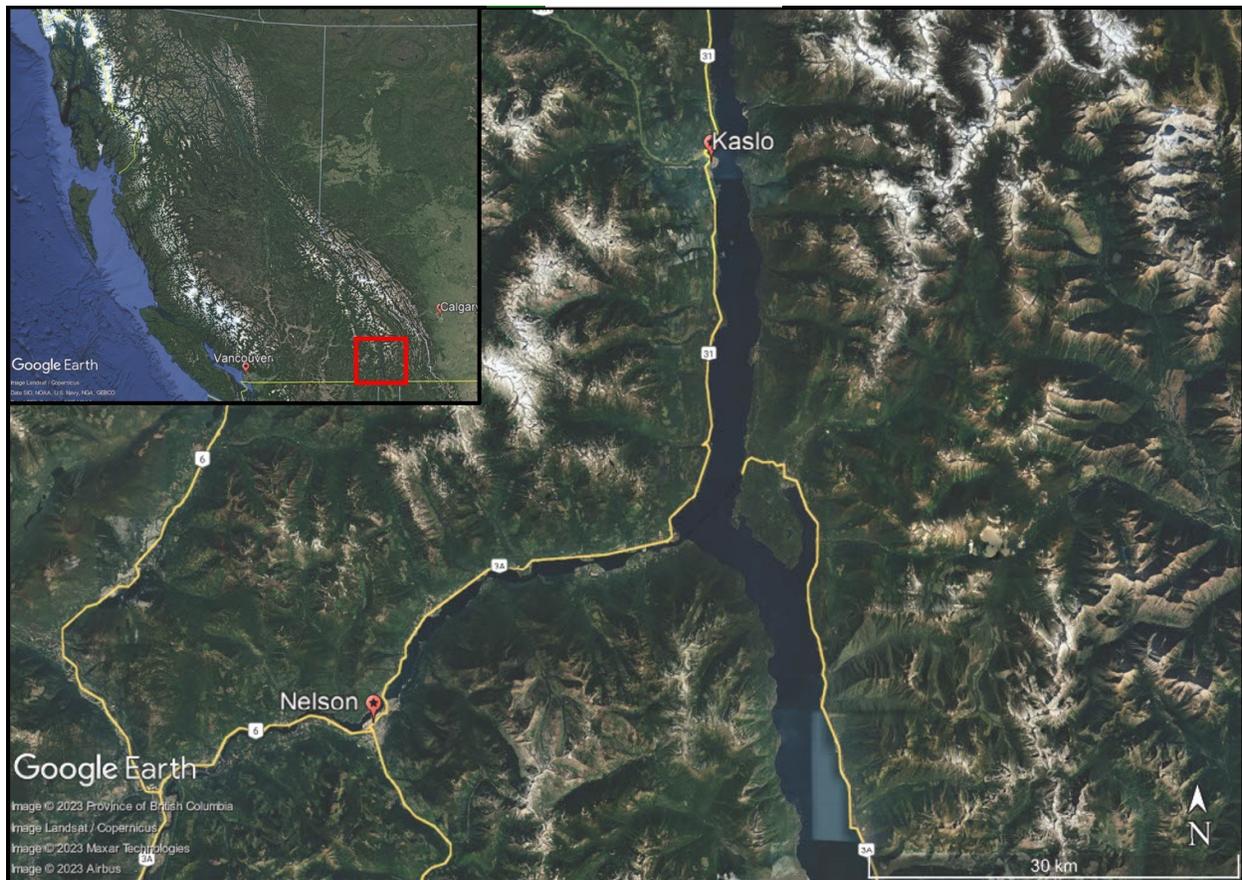


Figure 1.1.: Locations of Kaslo and Nelson (Google Earth, 2023).

Both Kaslo and Nelson are located on unceded Sinixt and Ktunaxa land, on former seasonal village sites (Nesteroff, 2013). There are no federally recognized reserves in the immediate vicinity of Kaslo and Nelson, with the nearest community, Yaqan Nukiy, of the Lower Kootenay Band of the Ktunaxa Nation, some 70 kilometres southeast of Nelson. Historically, Ktunaxa peoples referred to what is now Kaslo as Qatsu. Historically, the Sinixt and Ktunaxa “lived in an uneasy coexistence” (Joyce, 2018a, n.p.) on this land, with disputes over the territory continuing today (Joyce, 2018a; Sinixt Nation, n.d.).

The Sinixt people have largely been in diaspora since the arrival of European settlers, with many fleeing to other reserves in Canada, or joining their Sinixt relatives on the Colville Reservation in Washington State. This eventually resulted in the federal government declaring the Arrow Lakes Band – the only federally recognized collective of Sinixt people – extinct in 1956 (Autonomous Sinixt, n.d.). This was also motivated by the flooding of Sinixt territory in order to make way for the Columbia River Treaty dams (Wood, 2022). However, the Autonomous Sinixt, as they are now known, have been returning to their *təmxʷúlaʔxʷ*, or homeland, in recent years. Importantly, in 2021, after lengthy court battles, the Supreme Court of Canada recognized the inherent rights of the Sinixt peoples to hunt on their traditional territory, which encompasses the Columbia River basin on both sides of the Canada-United States border (Wood, 2022).

### **1.7.1 Nelson**

Nelson, with a population of 11,106 (Statistics Canada, 2021a), was first settled by Europeans in the late 19<sup>th</sup> century after the discovery of a copper-silver deposit near the current townsite. Fuelled by the rush for ore, the former mining camp quickly grew into a city, where forestry and lumber milling eventually came to dominate the city's economy (Lamb, n.d.). However, with the closure of the sawmill and other major employers in the early 1980s, the community began to transition its economy towards tourism, taking advantage of the beautiful scenery that surrounds it (Figure 1.2). This was marked by a project revitalizing downtown heritage buildings, as well as the establishment of the nearby Whitewater Ski Resort and other recreational attractions (Discover Nelson, n.d.). In addition to its thriving tourism industry, Nelson is also one of the largest communities in the West Kootenays, and is an important service and retail hub for the many smaller communities that surround it. Nelson is incorporated as a City, and is governed by six councillors and a mayor.

There are two major providers of community housing in Nelson: Nelson CARES and SHARE Housing Initiative. Together, these organizations operate 123 units of independent community housing (NCOH, 2022). Nelson CARES operates the majority of this housing, with 84 units across two buildings:

41 units in their Hall Street Place building for low- to moderate-income families and seniors, and 47 units in their Lakeside Place building for seniors and people with disabilities; they also operate a number of other housing developments (Nelson CARES, n.d.a). SHARE Housing Initiative operates Herridge Place, with 39 units of affordable workforce housing for residents working in the service industry in Nelson (British Columbia, 2021a). All three of these developments were completed in 2021 and 2022 (NCOH, 2022). Nelson also has the Links Housing Co-Operative, established in 1992, which provides 21 units of affordable housing (Links Housing Co-operative, n.d.).



*Figure 1.2. Nelson from above (Kootenay Rockies, n.d.).*

### **1.7.2 Kaslo**

Kaslo has a population of 1,049 (Statistics Canada, 2021a), and is located some 70km northeast of Nelson. Kaslo was first settled by Europeans in the late 19<sup>th</sup> century upon the discovery of ore deposits in the surrounding mountains, quickly becoming a transport and service hub for nearby mining operations in the early 20<sup>th</sup> century (Joyce, 2018b). Although the mining boom receded fairly quickly, forestry became a

dominant industry in Kaslo, and today coexists with tourism to form the town's economic base. Like Nelson, Kaslo offers easy access to the outdoors (Figure 1.3), and to nearby backcountry skiing and mountain biking operations. Kaslo also holds the annual Jazz Etc. Festival, which attracts several thousand people to the community every August. Kaslo is incorporated as a Village, and is governed by four councillors and a mayor.

Existing community housing operations in Kaslo are very limited. The community has Abbey Manor, a development of 10 units for independent, low-income seniors, which has been operated since 1984 by the Kaslo and District Senior Citizens Shelter Society (Abbey Manor, n.d.). Additionally, in June 2023, after two decades of hard work, the Kaslo Housing Society completed the construction of Penny Lane Apartments, a 10-unit building offering affordable housing for low-income families, individuals, and people with disabilities (Morrison, 2023).



*Figure 1.3. Kaslo from above (image by author).*

## **1.8 Thesis overview**

Building on the context of the housing crisis in Canada and rural communities presented in this chapter, Chapter 2 of this thesis provides a review of relevant literature, including an overview of housing affordability, community housing in Canada, the rural transition away from resource extraction, and the ensuing dynamics of amenity migration, tourism, and STRs. Chapter 3 delves into the methods used in this thesis and provides rationales for the data collection and analysis, which includes descriptive policy analysis, key informant interviews, and quantitative analysis of STR data. Chapter 4 presents the results of this research, divided by the three aforementioned methods of data collection and analysis. In Chapter 5, these results are then situated within the broader context of extant research and discussed through the lens of the three research objectives that guide this analysis. Finally, Chapter 6 concludes with a series of recommendations generated from the results of this research, as well as a summary of this thesis.

This thesis explores the housing affordability challenges faced by small communities in the interior of BC, and how community housing organizations contribute to addressing them. Using a mixed methods approach, the thesis focuses on the case study communities of Nelson and Kaslo, which are currently experiencing similar housing pressures. These pressures are characterized by the widespread unaffordability of housing, which has led to reduced economic competitiveness, hidden homelessness, and displacement due to local workers being unable to secure affordable, attainable housing. This thesis brings attention to the housing challenges faced by rural communities, and situates these challenges within the broader context of the housing crisis currently occurring across Canada.

## **2.0 Literature Review**

The following section provides an in-depth analysis of relevant literature to establish an understanding of the context surrounding housing affordability in rural communities. It begins with a discussion of housing affordability, which is a contested term defined by various approaches, and an overview of community housing in Canada. Delving into the rural context, the chapter then continues into a summary of the rural economic transition, conceptualized through the shift from landscapes of production, to landscapes of consumption. Finally, the chapter further explores the changes brought by this transition, including the rise of amenity migration, tourism, and STRs.

### **2.1 Housing affordability**

#### **2.1.1 Understandings of housing affordability**

Although housing affordability – or rather, the lack of it – is a seemingly ubiquitous and topical subject of contemporary discourse, housing has not always been framed through the lens of affordability. For example, in the United States, affordability was only implemented into housing policy in the 1960s, while in Australia, Canada, and the United Kingdom it was not integrated into relevant discourses until the late 1980s (Gabriel et al., 2005). While housing was initially viewed within the broader context of social demand, defined as ‘housing need’, in the 1980s political attitudes shifted “away from treating housing as a merit good which should be provided because society thinks it is worthwhile” (Whitehead, 1991, p. 877), and housing came to be viewed as a private commodity to be consumed (Whitehead, 1991). This shift situated housing provision within a context of economic choice, which “predicated affordable housing on a relationship between income and expenditure” (Friedman & Rosen, 2019, p. 568). In Canada, this change came “as part of a general retreat away from an administered social housing system” (Gabriel et al., 2005, p. 9), which began with the *National Housing Act 1938* and ended with the withdrawal of federal funding and downloading of responsibility to provincial governments in the 1990s (Bacher, 1993; Carroll, 1989). Historically, Canada did not have a widespread affordability problem due to the relative affordability of

market housing, enabled by policies assisting homeownership as well as a federally-funded social and affordable sector for households with lower incomes (Hulchanski, 2006; Pomeroy, 2017).

Whilst there are a multitude of definitions of housing affordability, its essence can be understood through the basic idea of “what has to be foregone in order to obtain housing and whether that which is foregone is reasonable or excessive in some sense” (Hancock, 1993, p. 129). In other words, the term ‘affordability’ combines a number of elements, including household borrowing power, the distribution of income, and the quality and cost of available housing (Friedman & Rosen, 2019). The term also lends itself “as a more appropriate description of the realities of contemporary housing policy” (Gabriel et al., 2005, p. 6), given its wide use in policy pertaining to all forms of tenure and supports (Hulchanski, 2006). Conversely, its wide applicability has also been argued to be impossible to define objectively, as it “will always be subject to reinterpretation and critical analysis” (Gabriel et al., 2005, p. 6).

The reframing of housing within the context of affordability has been subjected to several criticisms. Padley, Marshall, and Valadez-Martinez (2019) argue that the use of affordability in contemporary policy and discourse is too broad, as it “encompasses and often confuses a number of related but different issues, including questions of housing quality, public housing policy, income distribution” (p. 1309), as well as household decisions on housing versus other expenditures. The prevalence of the term has also been argued to represent the successful shifting of housing debates away from public investment, and towards private sector interests in the building industry (Gabriel et al., 2005). This is because the shift towards an affordability focus has recast responsibility for housing away from collective, public provision, and towards “an individual’s capacity to exercise choice in the marketplace” (Gabriel et al., 2005, p. 6). More broadly, affordable housing policy has also been described as “a proxy for numerous agendas and intragovernmental, inter-ministerial, and public-private battlegrounds where demographic, fiscal, social, and neoliberal interests are played out” (Friedman & Rosen, 2019, p. 582). As such, it should be considered a contested term around which groups with often opposing interests compete to be represented in housing policy. This can be seen in the wide variety of solutions proposed by different interest groups, ranging from

calls for greater government involvement in housing by community housing advocates, to movements demanding less government interference and regulation, often represented by building industry advocates (Gabriel et al., 2005).

Although often used interchangeably, the literature has also stressed the need to distinguish between ‘housing affordability’ and ‘affordable housing’. The term ‘affordable housing’ approaches the issue of housing from the context of supply, which could precipitate measures such as market incentives to lower housing costs. On the other hand, the term ‘housing affordability’ takes a demand-side approach, which could induce income support measures to ensure that a household is able to obtain secure housing (Napoli, 2017). There is another nuanced, albeit bleak, distinction between the two terms: whereas affordable housing implies an understanding that there is some form of housing that is affordable for all, the reality is that achieving housing affordability is increasingly unattainable for many households and individuals (Friedman & Rosen, 2019; Padley et al., 2019). The very use of the term ‘affordable’ has been criticized “as it has come to be used to refer to housing that is anything but affordable to a large proportion of households” (Padley et al., 2019, p. 1309).

### **2.1.2 Expenditure-to-income ratio**

Despite the debate surrounding the validity of viewing housing through the lens of affordability, it has come to dominate contemporary housing policy and discourse, which has precipitated a need to measure it. As such, the indicator most widely used to determine relative housing affordability is the expenditure-to-income ratio (Hulchanski, 1995; Gabriel et al., 2005; Padley et al., 2019). With roots in 19<sup>th</sup> century household budgeting studies, as well as the early 20<sup>th</sup> century parlance of “one week’s pay for one month’s rent” (Friedman & Rosen, 2019, p. 569), the ratio approach, as it is often known, determines housing to be unaffordable if a household is required to spend more than a certain proportion – commonly 30% – of their income on shelter costs (Padley et al., 2019).

Given that housing costs are generally unavoidable, this approach has been argued to provide an objective indication of the degree to which households are required to adapt the ways in which they distribute their other costs after meeting their need for housing (Padley et al., 2019). Hulchanski (1995) also asserts that the expenditure-to-income ratio is useful for describing systemic averages of household housing expenditures, analyzing trends between different household types, and determining the distribution of governmental support by establishing a maximum income threshold to qualify for household housing subsidies. The methodology behind the approach is also relatively uncomplicated, which makes it easy to communicate to non-experts, as it “relies on transparent and apparently objective values, with limited subjective assumptions about [an] individual’s housing and non-housing consumption” (Gabriel et al., 2005, p. 24). Additionally, it relies on few variables that are consistently collected over time, contributing to its widespread usage (Gabriel et al., 2005).

The expenditure-to-income ratio is the most often used approach in Canadian housing policy. The Canada Mortgage and Housing Corporation (CMHC) considers housing to be affordable if a household spends less than 30% of their before-tax income on shelter costs, a definition that covers all forms of tenure, as well as the public, private, and non-profit sectors of housing (CMHC, 2018). Importantly, the 30% ratio is one of three components of core housing need (CHN), which also includes suitability (no overcrowding) and adequacy (not in need of major repairs) (CMHC, 2019a). In British Columbia, the provincial government and BC Housing (n.d.) use the same definition of affordability, although the province adds that it is “often based on a combination of factors” (British Columbia, 2018a, n.p.), including the housing type and its influence on utility fees, maintenance costs and property taxes, strata fees, transportation expenses, as well as the household’s stage of life and financial status. At the municipal scale, both Nelson and Kaslo appear to also follow the 30% rule. Both communities conducted recent housing needs assessments in conjunction with their respective areas of the Regional District of Central Kootenay (RDCK), in which the definition of affordable housing also includes the need for adequate and suitable housing. They also

delineate extreme core housing need, in which a household spends 50% of their total before-tax income on housing (RDCK, 2020a; 2020b).

### **2.1.3 Critiques of expenditure-to-income ratio**

Although the expenditure-to-income ratio is the most widely used approach to quantifying housing affordability, scholarly research has pointed to a number of its shortcomings. The ratio approach does not recognize the vast differences in how households choose to spend their money by assuming that “housing expenditure increases proportionally with income” (Gabriel et al., 2005, p. 19), as well as disregarding a household’s capacity to afford their other costs (Gabriel et al., 2005; Padley et al., 2019). Overall spending can vary immensely between households based on factors such as household size and composition, seasonal changes, and price fluctuations of other expenditures (Hulchanski, 1995; Gabriel et al., 2005). Additionally, the ratio approach “lends itself to an inherent relativity bias” (Friedman & Rosen, 2019, p. 569), as spending 30% of a low income on housing is considered more affordable than spending 40% of a high income on housing, for example.

When used on its own, the ratio approach does not account for disparities in the quality of the housing itself, as well as the potential for overcrowding (Gabriel et al., 2005) – although this is incorporated in measures such as CHN where adequacy and suitability are key considerations. Additionally, there is debate over what should be included in housing costs, with costs like taxes, home insurance, and regular maintenance generally agreed to be included, while the inclusion of utility costs has been contested in some jurisdictions (Gabriel et al., 2005; Padley et al., 2019). However, CMHC uses the measure of *shelter costs*, which includes mortgage payments, property taxes, and condominium fees for owner households, rent for renter households, and the costs of water, electricity, heat, and other services for both types of households (Statistics Canada, 2022). Put another way, formal measures of housing affordability in Canada *always* include utility costs as well as rent or mortgage payments (in addition to property taxes and, where applicable, condo fees for owners).

While the broad applicability of the ratio approach has been seen as one of its successes, it has also been considered one of its drawbacks. Hulchanski (1995) contends that its use in determining maximum income thresholds for public sector housing subsidies is an appropriate use of the approach; however, he critiques its use in the private sector as a threshold of minimum income to qualify for loans, for example. He argues that it oversimplifies a household's ability and willingness to pay for their housing, and prevents lower-income households from being able to both purchase housing and access private market rental housing. Additionally, the use of the ratio approach to determine a systemic degree of housing need has been argued to "lend itself to gross misrepresentation" (Friedman & Rosen, 2019, p. 569) and oversimplification, as it "takes a descriptive statistical statement (the 30 per cent ratio) and dresses it up as an interpretative measure of housing need (or lack of need)" (Hulchanski, 1995, p. 482).

#### **2.1.4 Alternative approaches**

While the expenditure-to-income ratio approach has been extensively debated, it remains the most widely used measure of housing affordability, and has been recognized to "provide a useful starting point for examining affordability problems" (Napoli, 2017, p. 98), especially if used in conjunction with other approaches. One modification of the expenditure-to-income approach is the targeted affordability ratio, which compares the proportion of housing expenditure with average market rates in particular locations, refocusing the measure from income distribution to the housing realities in a given area (Gabriel et al., 2005). This approach takes into account the fact that housing affordability is inherently place-based, given the relative immobility of housing supply and labour markets (Beenstock, Felsenstein, & Xieer, 2021). However, it assumes that "appropriately sized dwellings are available at relevant cost" (Gabriel et al., 2005, p. 25), which, considering the complex multiscalar factors that influence the prices of housing, is not always the reality.

One of the most prominent proposed alternatives to the expenditure-to-income ratio is the residual income approach (Padley et al., 2019), which is also referred to as the living standards, after poverty, or non-shelter first measure (Gabriel et al., 2005). This approach is "concerned with the relationship between

housing costs and the capacity of a household to maintain an acceptable standard of living” (Gabriel et al., 2005, p. 25). Taking a more individual-oriented method, it determines the amount that a household is able to spend on housing from the residual income left after accounting for other necessary costs of living (Friedman & Rosen, 2019). If the remaining household income after subtracting housing costs is below an established norm of being able to afford an ‘acceptable’ standard of living, that housing is then considered unaffordable (Heylen & Haffner, 2013). A similar principle is used by the Canadian federal government in the Market Basket Measure, a measure of poverty in which a household’s expenses on shelter, food, clothing, transportation, and other necessities are calculated in determining the level of income necessary for a “modest, basic standard of living” (Statistics Canada, 2022, n.p.). While it is not used solely as a determinant of housing affordability, the CMHC asserts that the Market Basket Measure is “essentially an application of the residual income methodology” (CMHC, 2019b, p. 1).

This approach takes into account different spending patterns of households of differing makeups and sizes, which is a key shortcoming of the ratio approach. However, it is difficult to operationalize, as defining a minimum residual income is contested (Padley et al., 2019). There is disagreement about what ‘necessary household expenditure’ actually consists of, because it is largely subjective, and relies on a more complex combination of data that may not always be available (Gabriel et al., 2005). Additionally, while household expenditures vary between individual households, they also vary between regions, and lose “their relevance in another time or place” (Heylen & Haffner, 2013, p. 548).

The reliance of both the expenditure-to-income and residual income approaches on the relationship between income and housing costs has led some researchers to argue that it is not only an issue of housing, but one of income as well (Beenstock et al., 2021; Friedman & Rosen, 2019; Pomeroy, 2017). Additionally, neither approach takes into account the roles of debt and savings in a household’s financial status, with the latter playing an increasingly important role as household members age (CMHC, 2019b). However, both of these approaches focus on the consumption of housing, and not its supply (Hancock, 1993; Gabriel et al., 2005). One proposed approach that does incorporate housing supply is the amenity-based housing

affordability index, which uses a hedonic pricing approach to position housing costs in relation to the distribution and location of housing in relation amenities like job opportunities, schools, and overall safety (Fisher, Pollakowski, & Zabel, 2009).

Indicative of this broader shift away from considering housing costs in isolation, in 2012 the U.S. Department of Housing and Urban Development released the Location Affordability Index, which estimates expenditure on housing and transportation for eight different household types, across various geographies. Also known as the Housing and Transportation (H+T) Affordability Index, this approach recognizes that households living in ‘location inefficient’ areas will have higher costs associated with transportation, as well as “the cost savings that may accrue to households from more location efficient choices” (Borth, Summers, & Collins, 2022, p. 6). The H+T approach asserts that households should spend no more than 15% of their income on transportation costs, in addition to 30% on housing. While scholarly application of this approach in rural contexts is limited, there is some evidence that when transportation costs are incorporated in calculations of housing costs, they have a larger impact in rural areas (Vidyattama, Tanton, & Nepal, 2013). However, this approach encourages living in denser urban locations, which may limit its applicability in rural contexts. While the H+T approach has not been used as a sole index of housing affordability, the Location Affordability Index has been incorporated in broader housing policies in the U.S. (Ganning, 2017). Nonetheless, although a number of other indices incorporating broader perspectives on housing affordability have been developed, the 30% expenditure-to-income ratio continues to prevail as the dominant approach.

## **2.2 Community housing**

One of the ways in which housing affordability can be addressed is through the provision of community housing. In Canada, ‘community housing’ entails non-market, affordable housing that is owned and operated by housing co-operatives, non-profit organizations, or municipal and provincial governments (Canada, 2018). It is an umbrella term that encompasses what is otherwise known as public housing, social housing, co-operative housing, and non-profit housing (Community Housing Canada, n.d.). The post-war

period in Canada saw the creation of the community housing sector in Canada, resulting in the creation of some 650,000 units, representing 5% of all housing and 20% of rental housing in the country. However, as Hulchanski (2006) cautions, Canada's community housing sector is the smallest of all Western nations, except for the United States. In 2023, about 69% of community housing units across Canada were owned by various levels of government, 20% were owned by non-profit organizations, 7% were owned by co-operatives, and 5% were owned by private companies (CMHC, 2023a). This array of organizations ranges from small volunteer organizations administering fewer than ten homes, to large professional corporations operating tens of thousands of homes. Together, they "share a common mission to create and operate affordable housing to help low-income individuals and families" (Pomeroy, 2017, p. i) through a variety of mechanisms, including rent-geared-to-income or deep subsidies. Crucially, community housing seeks to limit household expenditures on housing to 30% of total income, keeping recipients out of core housing need (Marshall et al., 2021).

### **2.2.1 Community housing before 2017**

Pomeroy (2017) provides the most comprehensive overview of the development of the community housing sector, which he divides into five overlapping stages. The first stage, ranging from 1949 to 1974, saw the construction of one third of today's supply of public housing, as it was then called, across Canada. These developments leave an enduring legacy of large, provincially owned, aging buildings that rely heavily on government subsidies to continue operating. However, in the second half of this period, from 1964 to 1978, a change in governance structures led to the construction of early community housing, characterized by fragmented ownership and administration by smaller non-profit organizations and co-operatives with minimal staff and a lower reliance on deep subsidies, resulting in the construction of some 80,000 units. The construction of community housing was then expanded from 1978 to 1994, during which some 260,000 units were built by a combination of municipal housing corporations as well as independent non-profit organizations. Although this era resulted in the creation of a significant supply of community housing, it

has also left a legacy of “highly fragmented ownership and uneven levels of governance and housing-related expertise” (Pomeroy, 2017, p. 34).

The federal budget of 1993 terminated all new funding for community housing development, which resulted in a new stage marked by broad stagnation in the sector. This phase of housing policy was “characterized by an emphasis on the neoconservative belief in reduced government involvement and deregulation” (Carroll, 1989, p. 64). Responsibility for community housing was downloaded to provincial and territorial governments, which were unable to match the level of engagement that the federal government had previously maintained. With the CMHC reducing their activity in community housing, “the scale and structure of the sector was essentially frozen in time” (Pomeroy, 2017, p. 34). In the final stage, between 2001 and 2017, the federal government reengaged in the sector, albeit marginally, resulting in the construction of some 50,000 units. However, provinces were required to cost match half of the cost of these developments, which compared to pre-1993 levels, was “quite modest in scope” (Pomeroy, 2017, p. 35).

The cumulative legacy of the post-war period to 2017 was marked by a nationwide community housing sector made up of many small housing providers; in BC, for example, there were 600 providers with fewer than 100 units each (Pomeroy, 2017). Pomeroy (2017) argues that this fragmentation contributed to a weaker resiliency of the sector, as smaller organizations lacked in-house expertise in asset management, as well as the capacity to distribute risk and diversify their revenue. Additionally, he argues that the community housing sector was financially unsustainable not only because of a critical lack of investment, but also due to enduring models of administration that perpetuated reliance on government subsidies. Lastly, because the majority of the community housing across the country was constructed decades ago, much of it is in need of critical maintenance or even replacement (Pomeroy, 2017).

### 2.2.2 Community housing after 2017

However, the release of the NHS in 2017 marked the federal government's 'return' to housing, and especially community housing, in Canada. With an initial investment of \$4.3 billion for the Canada Community Housing Initiative (requiring provincial cost matching), the federal government reengaged in the preservation of existing community housing stock, as well as expanding its supply. This initial funding has since been increased through bilateral agreements with each province and territory intending to "protect, renew and expand community housing, and support provincial priorities related to housing repair, construction and affordability" (Canada, 2022, p. 12). This entails a total investment of \$13.5 billion over ten years across the country, including a joint investment of \$991.1 million in its bilateral agreement with British Columbia (Canada, 2022).

Additionally, the NHS earmarked another \$500 million for the Federal Community Housing Initiative, providing subsidy funding for community housing providers to continue operating. They also allowed community housing organizations to prepay long-term mortgages without fees, which in 2017 resulted in a total of \$74.4 million in waived penalties. Together, these initiatives are expected to maintain affordability for a total of 385,000 households living in community housing across Canada (Canada, 2017). However, despite this substantial federal reengagement, 'naturally occurring affordable housing' in the private market is being eroded, which means that regardless of the government's recent efforts, these funding streams are not sufficient; one estimate argues that for every new unit of community housing created, fifteen existing private affordable units were lost (Pomeroy, 2020b). Furthermore, the NHS has been criticized for employing neoliberal solutions to the housing crisis "through the language of innovation such as relying on landlords and developers" (Leigh & MacDonald, 2023, p. 180), perpetuating the downloading of responsibility to lower levels of government and the continuation of haphazard governance of the housing system in Canada.

### 2.2.3 Community housing in rural communities

Rural communities have historically been overlooked in federal housing policy, with the only rural-specific policy being the Rural and Native Housing Program of 1974, which “provided loans and subsidies to support construction and rehabilitation of rural housing” (Ryser, Halseth, & Markey, 2021, pp. 1622-1623). The downloading of responsibility for housing in the mid-1990s also impacted rural communities, with CMHC moving toward a centralized model and closing regional offices, along with very little activity in expanding the supply of community housing in rural communities. Considering the often-limited capacity of small municipal governments, this resulted in the further downloading of responsibility to local non-profit and private organizations (Ryser et al., 2021). Additionally, the limited availability of data for small communities “makes it difficult for stakeholders to establish a case and broaden support for much needed investments for vulnerable residents, particularly for housing assets that are deemed to be under provincial jurisdiction” (Ryser et al., 2021, p. 1639). Although the federal government’s Economic Development Strategy for Rural Canada does acknowledge the need for affordable and attainable housing in rural communities, it does not put forward any new policy initiatives, and instead points to existing programs like the NHS (Infrastructure Canada, 2019). However, the NHS does not acknowledge the unique needs of rural communities and does not advance any rural-specific initiatives, save for increasing funds going toward the Rural and Remote Homelessness stream of investments. Despite the recent announcement of the development of *Urban, Rural, and Northern Indigenous Housing Strategy* (Trudeau, 2021), rural housing needs, and rural community housing organizations, continue to be overlooked in Canada.

Support for rural housing has historically been combined with rural economic development strategies; in the United States, for example, many rural housing policies centred on supporting agricultural communities through initiatives such as farmhouse improvement (Basmajian & Rongerude, 2012). In resource communities in British Columbia, housing policy has been used to support extractive industry economic drivers, as “quality housing was viewed as an asset that could support the competitiveness and stability of rural regions by attracting and retaining young workers and their families” (Ryser et al., 2021,

p. 1622). Although many of these communities were carefully planned to provide a range of housing options, community housing options were often not accounted for (Ryser et al., 2021).

## **2.3 Rural economic transition**

### **2.3.1 Defining the rural**

There is no single, agreed-upon definition of the rural as a type of space or environment, however the principal definitions can be broadly divided into two main categories: descriptive and sociocultural. Descriptive definitions revolve around categorizing locations that fulfill various physical or demographic characteristics, most often including density and distance. A lower density of population implies that a location does not have access to higher-order services, while distance is understood as “a measure of the time and money cost to access these services” (Bollman & Prud’homme, 2006, p. 1). In the context of this definition, the lower the density of population, and the greater distance from higher-order services, the more rural a location is. More recently, Statistics Canada (2021b) has defined rural areas as “small towns, villages and other populated places with less than 1,000 population” (n.p.), in addition to uninhabited areas including wilderness or agricultural lands. Importantly, Statistics Canada also asserts that “rural areas include all territory lying outside population centres” (2021b, n.p.), in order to cover the entirety of Canada. This way of defining the rural can be considered a ‘negative’ definition, positioning the rural as the inverse of the urban, with no recognition of the varying connections, dependencies, and relationships between these environments. Additionally, these definitions disregard the diversity within and between rural areas, positioning them as homogeneous (Woods, 2005).

While the definitions of the rural used by government agencies like Statistics Canada require clear boundaries for the purposes of data collection, scholars tend to utilize more holistic definitions that focus on the sociocultural characteristics of rural areas and communities. For example, historic definitions of the rural positioned it as the inverse of the urban, as in Ferdinand Tönnies’ contrast between “Gemeinschaft, or community, of the rural, with the Gesellschaft, or society, of the urban” (Woods, 2005, p. 25). However, in

a more recent critique of approaching rurality on a rural-urban continuum, Raymond Pahl argued that it is possible for urban societies or mindsets to exist in rural settings, while rural (or more community-oriented) societies or mindsets can exist in urban settings (Woods, 2005). Nelson, for example, has been described as being both “rural (provincially) and urban (locally)” (Breen & Robinson, 2021, p. 13); it can be considered rural when compared to major urban centres like Vancouver or even Kelowna, and yet it is also urban when compared to the very rural communities that surround it, and for which Nelson provides a variety of essential services. Defining what constitutes rural in BC has been argued to be additionally complex and subjective, with factors including distance, prevalence of critical infrastructure, geography, and access to services complicating how rural places are defined in the province (Breen & Robinson, 2021).

The rural has also been defined through the social representation approach, whereby rurality is: “internalised through the ‘embodied’ memory of habit, gesture, and spatial practice” (Halfacree, 1993, p. 32); comprised of various social representations such as symbols, images, and signs; and defined by “the meanings imposed on it by residents and visitors” (Parkins & Reed, 2013, p. 13). This approach posits the rural as a ‘state of mind’ and allows for the coexistence of differing representations of a single place (Woods, 2005). One consequential framing of rural spaces is that of the ‘rural idyll’, which maintains that these spaces are in harmony with nature and are associated with “environmental intactness and a backward, simple and innocent way of life characterized by traditional values and culture” (Panzer-Krause, 2020, p. 237). At the same time, rural areas can also be understood to be industrial hinterlands where this environmental intactness is sacrificed in pursuit of resource extraction (Green et al., 1996). This multiplicity of understandings of what makes a place rural can give rise to community tension (Massey, 2004); for example, part-time residents of a rural community (such as second homeowners) can prioritize the preservation of community attributes that represent their understanding of the rural idyll, at the expense of economic development advanced by full-time or longstanding residents (Green et al., 1996; Kondo, Rivera, & Rullman Jr., 2012).

These paradoxical social representations are exposing rural landscapes to opposing ideas of what kind of value they hold. In British Columbia, for example, this dynamic is illustrated by conflicting views on the forest industry: the provincial government has traditionally “equated forest policy with industrial policy” (Hayter, 2003, p. 713); environmental organizations advocate for increased efforts at conservation; and Indigenous peoples call for the resolution of land claims and establishment of treaties (Hayter, 2003). This contestation of rural space, marked by conflicting ideals of what rural landscapes should look like and what value they hold, exemplify the tensions described by the social representations approach to defining rurality.

Rural communities in Canada can therefore be defined by their spatial and physical attributes, but also by their social attributes. Randall and Ironside (1996) conceptualize rural and isolated communities in Canada as “micro-specialized and macro-diversified” (p. 21), with specific places tending to be strongly focused on one industry or resource, while the broader regions in which they are located are very diverse with a wide range of industries and resources. However, given the rural tendency towards remoteness, many larger rural communities also play an important role in the provision of various administrative, or ‘central place services’ for their broader region; this may be changing as primary industries subside and more tourism-oriented services grow (Randall & Ironside, 1996). Additionally, in smaller rural and isolated communities, the historic reliance on resource extraction is not due to a higher likelihood of these industries being located in isolated places, but rather “the absence of other economic activities make[s] the resource sectors more prominent” (Randall & Ironside, 1996, p. 21). It is important to consider the regional scale when examining rural communities specifically, as often individual communities may be highly specialized while being linked to (and contributing to) a more diversified regional economy. At the same time, however, the isolated nature of many rural communities across Canada remains a key challenge in attempts to respond to social and economic changes, despite the arguments highlighting regional-scale synergies (Young, 2006).

### 2.3.2 Globalization and neoliberalism

Rural communities have not been immune to the major shifts towards globalization and neoliberalism of the last several decades. As Albrecht (2007) argues, they are in the midst of a transition to ‘small town in global society,’ signifying a new era as a “direct consequence of increased globalization” (p. 3), particularly the liberalization of global trade relations and technological developments that have increased connectivity. One of the key consequences of this development is that competition now plays out on a global scale, which is important for rural communities as economic reliance on a single resource opens them up to a high degree of vulnerability to global economic fluctuations (Albrecht, 2007; Hayter, 2003; Randall & Ironside, 1996; Woods, 2005).

This concept of vulnerability has been integrated into understandings of the rural. Harold Innis, who developed the influential staples theory – which posits that Canada’s internal structures and formal institutions have been shaped by staple exports (Hayter & Barnes, 1990) – also recognized the critical interrelationships between the economies of the metropolitan core and rural peripheries. Furthermore, he argued that these interrelationships are maintained through continued stability and economic efficiency in the core and “continued instability and dependency in the outlying areas” (Randall & Ironside, 1996, p. 19). Hayter (2003) similarly positions resource peripheries as “vulnerable spaces... rooted in remoteness, high levels of export-dependence, specialization, and external control” (p. 707). Considering this imbalance in power structures between the core and periphery, Woods (2005) asserts that the distribution of power is an important component in the analysis of globalization in rural areas, and that this dynamic is “about the lack of power of rural regions to control their own futures, and about the increasing subjection of rural regions to networks and processes of power that are produced, reproduced, and executed on a global scale” (p. 48). However, others argue that the rural is not simply at the mercy of these larger forces. For example, Leach (2013) maintains that while rural communities cannot stop globalization, they can actively shape and produce it. Similarly, Massey (2004) asserts that “places are also the moments through which the global is constituted, invented, coordinated, produced” (p. 11), with the local possessing the agency to mold the

global. This said, it is also important to acknowledge that not all instances of ‘the local’ are created equally, with the distribution of power occurring unevenly (Massey, 2004).

Halfacree (1993) contends that while the original *raison d’être* of formerly resource-dependent communities may be receding, the “nominally associated social representation [of rural communities] may well be flourishing and evolving” (p. 34). He uses the social representation approach in order to consider the rural as *representing* space, as opposed to the rural *as* space, or a distinct locale. This approach enables rural spaces to be fluid as they undergo economic, environmental, and social changes. Additionally, this flexibility in social representations can create opportunities to diversify to other industries. As Albrecht (2007) observes, while natural resource industries have diminished in significance for rural community development, “the importance of amenity resources has increased” (p. 6). Woods (2005) attributes this shift away from resource extraction to three possible causes: exhaustion of supply of the resource, decrease in demand, or as a response to concerns (and community resistance) based on the negative environmental impacts of extractive industries. Importantly, more recent investment into rural communities has been attracted not because of extractive potential, but due to the increased importance of features like “an aesthetically higher quality environment” (Woods, 2005, p. 76).

### **2.3.3 Rural governance amid neoliberalism**

Along with significant changes in local economic drivers, the shift towards neoliberalism also brought changes in the ways that rural communities are governed. Since the 1980s, neoliberal policies transformed rural governance from higher orders of government providing support and planning, to more bottom-up approaches intended to “address the consequences of uneven development and rural decline” (Ryser & Halseth, 2010, p. 518). In practice, this has involved higher orders of government off-loading both risk and responsibility to lower levels of government, which are facing increasing challenges with constrained capacity and funding (Ryser & Halseth, 2010; Woods, 2010).

One outcome of this process is that rural communities can find themselves ‘locked in’ to resource extraction, due to government policies that prioritize providing predictability for dominant industries, or the downloading of responsibility with a simultaneous reduction of financial support for the jurisdictions taking on these new responsibilities (Ryser et al., 2023a). Many staples-dependent rural communities have historically relied on residential and industrial property taxes for municipal government revenue. However, even these sources of income are at risk – contemporary resource extraction is now driven primarily by neoliberal, free market forces (and places less importance on land and local labour forces), and often occurs outside of municipal boundaries, while still utilizing municipal services and infrastructure to support the now-transient labour force (Ryser et al., 2023b). At the same time, provincial governments retain power over legislating the property tax system, while industrial players “have also successfully obtained provincial support to reduce industrial property taxes on machinery and equipment, and to have the provincial Assessment Appeal Board reduce, and, in some cases, retroactively refund substantial property taxes” (Ryser et al., 2023b, p. 162).

The downloading of responsibility to lower levels of government has also left communities with insufficient support when experiencing pressure from the potential imposition of large-scale industrial developments (Ryser et al., 2023a). An example of such pressures can be seen in the case of north-central British Columbia in the late 2000s, which was experiencing a major economic slump in the then-dominant forest industry after the collapse of the US housing market and a widespread pine beetle infestation. In this context, communities such as Mackenzie saw unemployment rates as high as 70% following the closure and downsizing of several local pulp mills. Amid this serious economic downturn, the development of the Mt. Milligan copper and gold open-pit mining project was presented as “a new opportunity to diversify and develop long-term sustainable development plans” (Nelsen, Scoble, & Ostry, 2010, p. 164). While the initial projected lifespan of the project was 15.3 years (Nelsen et al., 2010), it was recently extended by four more years, and is expected to continue operations until 2033 (Centerra Gold Inc, 2022). Although there is no subsequent research analyzing the socioeconomic impacts of this mine, and how it has fit in to the region’s

forestry boom and bust cycle, this example demonstrates how rural communities can face immense challenges with trying to diversify their local economies away from resource extraction altogether, largely due to “limited capacity and access to resources, restricted power and authority, and related structural underpinnings” (Ryser et al., 2023a, p. 309).

In Australia, neoliberal economic policies imposed by the federal government have limited the powers of regional development organizations to “control and coordinate the range of services needed for effective regional development, because they have limited influence over private, and often competitive, service providers” (Beer et al., 2005, p. 57). This approach to rural development (through regional-scale agencies) is both a product of neoliberalism, as it is a way for higher orders of government to download costs and responsibilities, but it is also “a *victim* of neoliberalist thinking, since this thinking denies them the resources and the powers that they need to be more successful in their work” (Beer et al., 2005, p. 57). Similar dynamics can be seen at play in Canada. Rural British Columbia, which is traditionally reliant on natural resource extraction and has a large proportion of Crown land, has seen various attempts at land use planning coming from higher orders of government. However, few of these initiatives have sought to provide strong protections from lasting environmental damage perpetuated by the very powerful forestry industry (Jackson & Curry, 2002).

In discussion with communities in northern British Columbia, Markey, Halseth, and Manson (2007) found that the failure of higher orders of government to adequately represent and act upon the needs and wants of these communities has led to calls for bottom-up, locally-oriented development strategies and authorities. However, upon further critical examination, there is a tension between this bottom-up approach and factors such as a lack of inter-community cooperation, an imbalance of power between communities and major industrial employers, and a lack of local human and institutional capacity. These shortcomings of policy are at the nexus of conflicts such as forestry versus conservation, and the larger tension between “protecting an idylled rural environment with consumer appeal [and] the interests of production” (Woods, 2005, p. 84). Moreover, it has been argued that contemporary rural governance structures see themselves

as “a facilitator of industrial development rather than as a protector of the public interest in resource producing regions” (Ryser et al., 2023a, p. 309).

With the recent tendency of both governments and major transnational corporations to recede from rural areas in Canada, “the trend within this space is towards complexity... [as] network forms of connectivity and exchange become more prominent” (Young, 2006, p. 264). This erosion of government support has given way to increasing reliance on “markets, networks, and partnerships” (Ryser et al., 2023a, p. 297) to diversify rural economies. In rural areas, these networks are understood to be comprised of both socioeconomic and natural entities that connect rural communities to broader economic flows (Murdoch, 2000). Within the broader context where rural development is seen as a ‘problem,’ and where “rurality is once again reconfigured by forces emanating from urban centres” (Murdoch, 2000, p. 408), the networks that connect these communities to specialty markets and global commodity chains are “understood to be vital to local development and prosperity” (Young, 2006, p. 254). This said, it is important to keep in mind that the connections forged by these networks work both ways – while they enable rural communities to access the global economy, they also allow for global organizations to access rural communities, for example through major environmental organizations protesting BC forest policy (Hayter, 2003). A unique feature of networks in rural communities specifically is the importance of “aggregated activities of small, varied and specialised production activities” (Murdoch, 2000, p. 414), which allows for integrated networks. However, because of low population densities and large distances, these forms of networks may require additional efforts to forge and maintain (Murdoch, 2000; Young, 2006). Furthermore, the network approach to rural development requires that higher orders of government redefine their roles in order to support the expansion of local capacity and cooperation, as well as allow for inputs from non-state actors in rural communities, “so that local actors take responsibility for negotiating their linkages with external agencies” (Murdoch, 2000, p. 416).

### 2.3.4 Landscapes of production to landscapes of consumption

As discussed in the preceding sections, the past several decades have been marked by profound economic change in rural areas. Many hinterland communities – often built around the extraction of a single resource – have experienced economic decline, driven by pressures ranging from environmental degradation, to industrial consolidation, to changes in demand for labour (Ryser & Halseth, 2010; Young, 2006). Increasingly, rural communities are recognizing that resource extraction may not coexist with other economic alternatives, as “exploitation means that as resources deplete, they become more costly to industry, while their nonindustrial values are threatened or destroyed” (Hayter, 2003, p. 707). At the same time, rural communities are tending to move away from resource extraction; Hayter (2003) notes that “public attitudes have fundamentally changed in favor of the nonindustrial values of resources, even as industrial operations have faced increasing resource-cost disadvantages” (p. 707). Parkins and Reed (2013) conceptualize this as “an emerging post-staples economy in which extractive industries become a secondary factor in new rural-urban linkages [with] an emerging emphasis on environmental values” (p. 5). On the other hand, proponents of forestry in BC argue that this refocusing has created further hardships for the industry, on top of those associated with globalization, through the expansion of protected areas and consequent reduction of the working forest land base (Council of Forest Industries, 2019). If communities are unable to adapt to this new economy, Ryser et al. (2023a) caution that they can face increasing difficulties in responding to the inevitable fluctuations inherent in extractive industries.

As such, many rural communities across Canada have had to look to other industries to generate economic activity. One direction many communities have taken is to commodify local experiences, landscapes, and culture through the pursuit of tourism, which has been argued to present communities with “opportunities for successful self-sufficiency and the avoidance of marginalisation” (George, 2015, p. 123). Encapsulating this re-evaluation of value in rural spaces, Perkins, Mackay, and Espiner (2015) argue that “amenity is today a dominant force for social, economic, environmental and landscape change” (pp. 85-86). Ryser and Halseth (2010) call this amenity ‘natural capital’, and assert that even though it forms the

base of both traditional and new rural economies, its re-valuation is allowing for diversification, or “re-bundling [of] assets to support additional economic value” (p. 515). These new rural economic strategies have also been termed ‘place-based economies’, “where the unique attributes and assets of individual places now determine their attractiveness for particular types of activities and investments” (Ryser & Halseth, 2010, p. 515). This speaks to the enduring importance of place – the “locus of production of heterogeneity” (Massey, 2004, p. 11) – in the new globalized rural economy (Ryser & Halseth, 2010; Young, 2006). Indeed, many rural communities are focusing their attention on placemaking, harnessing their uniqueness in order to attract visitors, and in turn transforming rural regions from landscapes of production to landscapes of consumption (Harrington, 2009; Storey, 2009). Importantly, this transition “includes both consumptive activity *in* the countryside (supporting the service sector) and the consumption *of* the countryside – most notably through tourism” (Woods, 2005, p. 84).

This transition towards consumption brings about significant economic and social restructuring in rural communities. One of the key aspects of this shift is labour mobility, which “is an indicator of, and contributor to, social transformation – fundamental changes in economic, social, political, and cultural relations” (MacDonald, Sinclair, & Walsh, 2013, p. 112). Specifically, out-migration from hinterlands with dying resource extraction industries often occurs in the early stages, while in-migration driven by amenity factors occurs in the later stages (Perkins et al., 2015; Storey, 2009). The out-migration is typically driven by a need for fewer workers, but also by the changing nature of the jobs themselves, in which full-time, permanent positions are being replaced with “consultants, casual, short-term, or contracted labor” (Ryser & Halseth, 2010, p. 513). The job market in economies dominated by tourism tends to be centred primarily on the service industry. While there is the potential for high wages in this sector, most of the service-based jobs that are available in rural areas tend to be “low-pay, low-skill, temporary and seasonal” (Albrecht, 2007, p. 8). In a study focusing on rural Newfoundland, MacDonald et al. (2013) found that jobs in the tourism industry were highly seasonal and could not support residents year-round, resulting in many residents having to also work in non-seasonal service jobs such as teaching, government, or hospital work.

Additionally, some rural residents may continue to live in the community, but will commute long distances to work in remaining extractive industries deeper in the hinterland. These workers can contribute to the local tax base; however, their frequent absences can reduce the number of available volunteer workers for already under-resourced community services (such as search and rescue or firefighting), putting additional strain on those who remain (MacDonald et al., 2013).

Mitchell (2013) has conceptualized this broader process as one of creative enhancement. Delving deeper into this transition from production to consumption, it centres on an extractive, production-oriented ‘task-scape’ being gradually supplemented by consumption-oriented ‘heritage-scapes’ or ‘leisure-scapes’, which can eventually dominate local rural economies (Mitchell, 2013). This concept is an expansion of previous analyses of creative destruction in rural communities (Mitchell, 1998), in which the drive for profit in a capitalist economy drives innovation, which in turn “destroys existing economic activity whose viability depends on innovations from an earlier economic regime” (Mitchell, 2013, p. 375). The process of creative enhancement differs from creative destruction by taking a more multi-functional approach, emphasizing “the addition of an innovative function (and by default, user and representation) to a space that does not cause displacement of the existing function (and user and representation)” (Mitchell, 2013, p. 376). Scilicet, creative destruction centres on the point at which old and new clash, while creative enhancement takes a broader, more general approach along the ‘innovation continuum’ (Xue, 2022). Additionally, Xue (2022) argues that both creative destruction and enhancement are likely to occur in “places that are exposed to shifting social, economic and environmental conditions” (p. 4).

This meeting point of old and new within the processes of creative enhancement and destruction can result in community tension. For example, George (2015) found that when asked about the value of festivals in rural communities in Australia, interviewees primarily valued the monetary gains of these events. George (2015) warns that the commodification of local cultural attributes could lead to the erosion of the cultural foundations on which these events are based, leading to “the rural as it never existed, a nostalgic ideal creating a hyperreality where... all use-value is effaced in preference to exchange-value,

making all things commercialised commodities” (p. 130). In line with the social representation approach to defining rurality, who decides how a rural community is ‘creatively enhanced’ can be rooted in opposing ideas of the ‘rural idyll’ (George, 2015). Conversely, Xue (2022) argues that creative destruction and enhancement should also be acknowledged for the innovation they foster, arguing that it can be seen as “core power” (p. 11) of these forces. Furthermore, she also sees these processes as a central force in the iterative process of placemaking and resilience of rural communities (Xue, 2022).

## **2.4 Amenity migration**

### **2.4.1 Defining amenity migration**

Amenity migration, in its broadest sense, is the movement of people to rural places in pursuit of access to “outstanding natural, social, and built environment qualities” (Chipeniuk, 2004, p. 327). Enabled by technological advancement in communications and transportation, amenity migrants are motivated by amenities such as beautiful scenery, access to outdoor recreation, sense of community, and other similar factors that contribute to quality of life (Chipeniuk, 2004; Williams, Gill, & Zukiwsky, 2016). What makes amenity migration unique is that this movement is not dictated by economic opportunity, but rather the lifestyle factors and unique sense of place amenities that rural communities can provide (Moore, Williams, & Gill, 2006; Perkins et al., 2015). This phenomenon has been considered a “key subset” (Argent et al., 2014, p. 306) of counterurbanization – the redistribution of a region’s population out of urban areas and into rural areas (Mitchell & Bryant, 2009) – and one of the consequences of the ‘commodification of rurality’ (Dahms & McComb, 1999). While it is a global phenomenon, the majority of literature examining amenity migration focuses on western North America and Australia (where it is often called ‘sea change’).

Existing research on amenity migration offers competing definitions of amenity migrants, particularly with regards to second home owners, who are returning temporary residents in rural communities. For example, Chipeniuk (2004) argues that from the perspective of community planning, second home owners have effects on a community that are “drastically different from the effects of new

permanent residents” (p. 330). On the other hand, Williams et al. (2016) consider second home owners “who frequent their properties on an intermittent basis” (p. 97) to be a type of amenity migrants. More broadly, they also see amenity migration as a function of tourism, as migrants tend to be attracted to tourism-related amenities. Similarly, Moss (2006) includes both retirees and second home owners in his definition of amenity migrants, while still acknowledging the latter’s unique positioning in the “interstices between tourist and migrant” (p. 4). Despite the lack of agreement on who constitutes an amenity migrant, there is a general consensus on their economic status, consisting of “ex-urban wealthy and upper middle-class households, seeking to pursue comfortable lifestyles in idyllic landscapes” (Argent et al., 2014, p. 306).

Concurrent with the transition of rural regions from landscapes of production to landscapes of consumption (Harrington, 2009; Storey, 2009), amenity migration has been conceptualized as ‘consumption-led’, in comparison with ‘production-led’ economic migration (Moss, 2006). A key component of this transition can be found in the changing value of natural landscapes surrounding rural communities; before the onset of this shift, the value of these landscapes lay predominantly in the potential for extraction of natural resources, whereas today, this value lies in the preservation of these landscapes for recreational use (Harrington, 2009; Storey, 2009). For example, Hjerpe, Hussain, and Holmes (2020) found that the presence of protected public lands (in the form of Wilderness and National Monuments specifically) strongly influenced rates of amenity migration in the western United States. One of the primary motivations for amenity migration is access to the natural environment; as such, amenity migrants are more likely to prioritize the protection of local landscapes (Lynch, 2006), contributing to the “contemporary higher societal valuing of them” (Moss, 2006, p. 9).

Given amenity migration’s place in this broader transition, advocates of the movement have positioned it as a viable strategy for rural economic development, bringing about a ‘rural renaissance’ of sorts. Amenity migrants have the potential to rejuvenate rural communities with waning traditional industries by contributing to population growth, expanding the local tax base (often significantly, due to their relative wealth), and stimulating the growth of new businesses to serve them (Argent et al., 2014).

Furthermore, due to their habituation to urban lifestyles, amenity migrants can demand improvements in various social services and institutions, as well as the expansion and improvement of physical infrastructure (Bartoš et al., 2016). For instance, in Australia, “people of originality, flair and talent” (Argent et al., 2013, p. 89), also known as the creative class, have been found to be “attracted to rural areas offering diverse physical landscapes and gentrified socio-economic and cultural settings” (p. 97), while in the United States, they have been associated with employment growth in rural areas (McGranahan & Wojan, 2007).

However, community pursuit of amenity migration as a development strategy is not without issues; fluctuation has been argued to be inherent to the phenomenon, characterized by “not only rapid growth but also instability and, potentially, decline” (Gurran, 2008, p. 393). Gurran (2008) found that smaller-sized communities in Australia were more susceptible to volatility brought by waves of amenity migration, which suggests that these communities struggle to provide the “underlying economic foundations needed to support growing permanent populations... thus leading to dramatic shifts as younger lifestyle aspirants are forced to move on when employment opportunities do not eventuate in their chosen location” (p. 400). Additionally, Borsellino et al. (2022) caution that an influx of amenity migrants does not necessarily mean an economic turnaround, as the maintenance and expansion of infrastructure and services tends to come at a higher cost in rural areas. While Chipeniuk (2004) asserts that “communities should capitalize on amenity migration as a rural development strategy” (p. 327), he cautions that it is key for communities to maintain control over this growth through effective planning methods, in order to avoid abrupt economic, social, and environmental disruption (Chipeniuk, 2006).

#### **2.4.2 Increasing costs of living**

One of the ways in which amenity migrants can disrupt local communities is by driving up costs of living. They can bring expectations for housing and services that differ from those of established locals, as well as higher purchasing power, and can therefore “create housing prices and accommodation costs that often override normal market conditions” (Moore et al., 2006, p. 135). Between 2001 and 2006, in the Similkameen Valley, British Columbia – a high-amenity region experiencing amenity migration – the

number of households in core housing need increased, despite a decrease in unemployment rate and increase in average income (Glorioso, 2016). Similarly, in Australia, rural areas experienced amenity migrant-driven property value inflation and growing pressure on cheaper rental options (Gurran, 2008). Gosnell and Abrams (2011) also caution that this can create a positive feedback cycle in which the continued arrival of amenity migrants generates ever-increasing costs of real estate, pushing out traditional (productive) uses of land, which further perpetuates the sale of land at high prices, “at which point the only possible buyers are more (and increasingly wealthy) amenity migrants” (p. 313).

The higher costs of housing are compounded by the changes that amenity migrants can bring to local employment opportunities. While it has been associated with a reduction in unemployment (Glorioso, 2016), the jobs created in response to amenity migration tend to be lower-wage and highly seasonal positions in the service sector (especially in the case of communities with high proportions of second home owners), reducing stability in the local job market (Gosnell & Abrams, 2011; Moss, 2006). In Whistler, BC, a steady influx of amenity migrants has resulted in costs of living that exceed the wages of original residents and resort employees, who have subsequently been displaced to surrounding communities (Moore et al., 2006). Although Whistler has a long-standing association with tourism, this pattern is consistent with the positive feedback loop outlined by Gosnell and Abrams (2011) – the continued arrival of affluent amenity migrants pushes up costs of living, which eventually prices out and displaces the working- and middle-class residents, leaving the community affordable only to increasingly affluent amenity migrants. Additional consequences of this displacement are greater strain on infrastructure, as well as higher emissions, due to the necessity of longer commutes by displaced workers (Abrams et al., 2012). The economic impacts of amenity migrants can therefore be quite paradoxical – while they stimulate new employment opportunities due to their demand for services, they also create “a rise in housing prices such that local housing options for service workers evaporate” (Abrams et al., 2012, p. 277).

### 2.4.3 Social disparity and changing growth patterns

Amenity migration can also have profound impacts on the spatial organization of rural communities. Amenity migrants can be “often offended by some of the less idyllic aspects of rural living... and may work to reconstruct local rural space to better match an urban middle-class ideal” (Gosnell & Abrams, 2011, pp. 310-311). These less idyllic aspects can include the often-unappealing realities of typical rural industries such as forestry or agriculture, which can come as a stark contrast to more urban ideals of rurality (Gosnell & Abrams, 2011). Amenity migrants have been found to drive growth patterns that resemble suburbanization, with a penchant for large properties that can encroach upon surrounding natural environments (Gurran, 2008). Gurran (2008) found that smaller communities in coastal Australia experienced an increase in detached, low-density dwellings amid increasing levels of amenity migration. Moss (2006) also concurs that amenity-migrant driven growth in mountain communities tends to follow “lowland standards” (p. 18), disregarding the often more sensitive ecological setting they find themselves in. These patterns of growth can also result in areas of communities “being shifted from natural to more intensive and urbanized uses” (Moore et al., 2006, p. 139) through suburban-style sprawl. Furthermore, amenity migrants can create social tension in the community by demanding services and infrastructure that are more in line with urban standards, but which are “more than the local tax roles can provide, and usually more than the larger jurisdictional governments (e.g. state and national) will deliver” (Moss, 2006, p. 18).

These changing growth patterns are somewhat contradictory in nature; while amenity migrants do have a proclivity for suburban-style development and growth, they also tend to be more likely to champion the conservation of local natural environments and oppose extractive industries. Abrams et al. (2012) aptly term this a “redistribution of environmental harms and benefits” (p. 270). Given that one of the primary drivers of amenity migration is the natural environment, amenity migrants can bolster efforts for conservation of local landscapes. While the protection of public land plays a major role in these efforts (as argued by Hjerpe et al., 2020), amenity migrants have also been found to oppose development of private land (Collins, 2013). Additionally, because they are typically not employed in natural resource extraction

or other industries that directly impact the environment – and are instead working remotely or in local tourism – amenity migrants are able to campaign against the expansion of these sectors in their new communities (Bartoš et al., 2016).

While the extant literature concurs that amenity migrants are likely to bring pro-environment attitudes to rural communities, their views do not necessarily clash with all local voices (Jones et al., 2003; Smith & Krannich, 2000). Instead, they may amplify the voices of already-established pro-environment advocates by providing new political strategies and organizational skills for local community organizations (Jones et al., 2003). Perhaps, similar to Gosnell and Abrams' (2011) cycle of increasing property prices, a positive feedback cycle may occur with regards to environmental protection, too: protected landscapes attract amenity migrants, who, upon arrival, catalyze the further protection of public and private land, further displacing extractive industries, and consequently increasing the community's reliance on amenity migrants.

#### **2.4.4 Amenity migration and COVID-19**

The normalization of remote work since the emergence of COVID-19 has led many to ask whether it will facilitate a boom in amenity migration to rural areas. Often termed 'Zoom towns', the popular media insists that this is the newest wave in the broader amenity migration movement (Johanson, 2021). While the scholarly evidence on this subject remains limited due to the ongoing evolution of COVID-19's broader societal consequences, there has been extensive media coverage detailing an apparent population boom in Atlantic Canada and rural British Columbia, which were among the fastest-growing regions in Canada during the pandemic (Bogart & Wright, 2022; Cosh, 2021; Parkinson, 2021), with the majority of this growth fuelled by Millennials (Bilefsky, 2021; Freestone, 2021).

One of the major attractions to both of these regions was the significantly lower costs of real estate, which was highly appealing to newly remote-working Millennials who found themselves priced out of housing markets in cities such as Toronto or Vancouver (Balsam, 2022; Parkinson, 2021). An additional

attraction to rural life is a tendency for looser oversight for COVID-19 restrictions, as well as easier access to the outdoors, which became highly desirable amid lockdowns (Bilefsky, 2021). In rural Atlantic Canada, this influx of amenity migration is seen by some as a potential saving grace for the ailing economies of communities in this region, and, if permanent, could “revitalize Atlantic Canada’s economy and potentially help address labour shortages” (Parkinson, 2021, n.p.). Furthermore, an influx of amenity migrants could increase consumer spending in these communities, as well as increase much-needed tax revenue, “fuelling this Atlantic revitalization” (Freestone, 2021, n.p.). However, this growth has also resulted in new community tensions, as newcomers are pushing up prices of real estate and increasing property taxes (Parkinson, 2021). In Bonavista, Newfoundland, for example, house prices have increased by about 70% over the past five years. This increase has been so significant that the local government has had to call upon Habitat for Humanity to assist with ensuring affordable housing for residents (Bilefsky, 2021).

Although it is still too early for scholars to draw definitive conclusions about this phenomenon, preliminary research on the subject is steadily emerging. Dahms and McComb (1999) first linked amenity migration to fluctuating waves of counterurbanization, and, as illustrated by Atlantic Canada, there is growing evidence that COVID-19 prompted a new movement out of urban centres and into rural communities in pursuit of amenities. In Sweden, Åberg and Tondelli (2021) assert that the pandemic has “clearly shown an increased interest in green space and rural living in general” (p. 6), positioning it as a “driver of counterurbanization” (p. 6). Similarly, Borsellino et al. (2022) found an increase in migration to rural areas in Australia, as well as patterns indicating that people are choosing to remain longer in these regions. Although their data collection took place before the pandemic, Takahashi et al. (2021) hypothesize that “teleworking might offer a wider range of options of places to work and live, or of lifestyles – which could have important implications for urban-rural population flows post-COVID-19” (p. 298).

While the impacts of COVID-19 on amenity migration are becoming apparent, some researchers caution that the pandemic only accelerated previously existing trends. Nygaard and Parkinson (2021) assert that the “fundamentals of these changes were evident before COVID-19” (p. 879), although the pandemic

may have expedited this process by facilitating the implementation of the necessary infrastructure to support it, including a more widespread acceptance of remote work and other alternative working practices. Focusing on Australia, Borsellino et al. (2022) argue that this recent acceptance of remote work allows migrants to remain connected economically to their place of origin while eliminating the need to live near their workplace; they also conclude that this trend “aligns with emerging evidence around the world of a resurgence in the popularity of rural and regional areas” (p. 14).

However, a key question is whether the temporary shock of COVID-19 will induce permanent changes, or if we will experience a gradual return to the pre-pandemic status quo (Nygaard & Parkinson, 2021). In Australia, Nygaard and Parkinson (2021) doubt the permanence of this change, concluding that “systemic impacts – the relationship between capital cities and regions as a whole – from COVID-19 may be transient” (p. 896). Åberg and Tondelli (2021) come to a similar conclusion in Sweden, while also stressing that a key aspect of making amenity migration a permanent and viable strategy for rural development is ensuring adequate connectivity and infrastructure. Additionally, they portray the recent influx of amenity migrants as an opportunity that, if well-managed, could contribute to a ‘rural renaissance’. They also found that residents of a rural area in Sweden perceived the influx of migrants in a largely positive way, seeing it as “an opportunity for people to rediscover the territory beyond short-term stays” (Åberg & Tondelli, 2021, p. 11).

However, to capture the potential benefits of amenity migration, rural communities need to be able to adopt relevant plans and strategies. Chipeniuk (2004) found that in 21 municipalities in the British Columbia interior, city planners were not adequately informed or prepared for the impacts of amenity migration to the region, nor did they have access to resources to track and influence its progression. Given migrants’ preferences for single-family, dispersed developments, land use planning is especially important in ensuring the prevention of unsustainable sprawl, though rural governments are likely lagging behind in being able to implement these management policies (Chipeniuk, 2004; Löffler & Steinicke, 2006). Furthermore, efforts to establish land use planning practices in rural areas can be met with local opposition;

coordinated approaches to development can contrast with the ideals of autonomy and independence that are typically associated with rurality, with some rural residents perceiving land use planning as imposing “urban development interests” (Golding, 2012, p. 1034). While land use planning practices may have changed in recent years, especially given the resurging interest in amenity migration in the aftermath of the pandemic, subsequent literature has established the significant impacts that amenity migrants can have on a rural community, from increasing costs of housing, to changing patterns of growth and employment opportunities. This area of research continues to be ever more relevant as we transition into a turbulent post-COVID-19 era, the progression of which has dramatically redefined the ways in which we live, work, and play.

## **2.5 Rural tourism**

### **2.5.1 Shift towards tourism**

Rural communities are typically positioned in close proximity to natural amenities and landscapes, and while often understood to be “poor in other economic resources” (Nepal, 2008, p. 42), they have been able to capitalize on a shift in tourist tastes in recent decades. Specifically, rural tourism is increasingly oriented towards the commodification of “‘unspoilt’ landscapes and ‘authentic’ experiences” (Nepal, 2008, p. 43), as perceptions of economic value have shifted from the productive to the consumptive potential of rural natural landscapes (Mitchell, 2013). In this context, a “new rural economic paradigm” has developed, centred on “nature, and representations of nature” (Kondo et al., 2012, p. 180). The emergence of tourism as a dominant economic driver in rural communities has been characterized by some as an “economic salvation” (George, Mair, & Reid, 2009, p. 30), given the decline of natural resource extraction in many regions. Rural areas have adapted to changing consumer preferences, often responding in an entrepreneurial way to new opportunities for development and economic diversification (Nepal, 2008). This shift can be particularly marked in mountainous rural areas, which have taken advantage of their proximity to unique natural resources, marketing themselves as “places to play and retire and invest in tourism-related services and facilities” (Nepal & Jamal, 2011, p. 89).

In line with broader understandings of the rural as the antithesis to the urban, rural tourism is understood to “take place in the countryside while recognizing that the countryside may include small towns and villages, as well as cultivated, uncultivated, and forested landscapes and areas of water” (Cawley, 2009, p. 313). While many of the activities emblematic of rural tourism are nature-based, it can also encompass the showcasing of local culture and heritage (Cawley, 2009). The OECD (1994) is optimistic about the potential of rural tourism, asserting that it should: utilize features that are unique to rural regions, such as local heritage and proximity to nature; occur on a small scale; grow at a rate that is manageable for the local community; be used “as a potential tool for conservation and sustainability, rather than as an urbanizing and development tool” (p. 14); and be diverse, encompassing the varied histories of rural spaces. The tourism industry has been recognized to provide jobs, stimulate local businesses, drive up property values, and expand local recreational activities and amenities, broadly contributing to the diversification of rural economies away from faltering extractive industries (George et al., 2009; Koster & Lemelin, 2009; Nepal & Chipeniuk, 2005; Nepal & Jamal, 2011).

### **2.5.2 Positive impacts of rural tourism**

There are various positive impacts that the tourism industry can bring to rural communities, to the extent that some argue that “no community – rural or urban – can totally ignore tourism’s opportunities for wealth transfer and employment” (Long & Lane, 2000, p. 301). One of the most oft-touted benefits of tourism is that it creates jobs for rural communities (Long & Lane, 2000; Rockett & Ramsey, 2007). For example, in Alaska, direct employment in rural birdwatching tourism has been found to be comparable to direct employment in mining, with the additional benefit of creating these jobs in very remote, already existing communities (Schwoerer & Dawson, 2022). Additionally, zeroing in on niche tourism sectors like birdwatching can further aid efforts for diversification, minimize seasonality, and contribute to reducing overtourism elsewhere by “distributing more visitors to remote regions that often are economically disadvantaged” (Schwoerer & Dawson, 2022, p. 13).

Along with jobs, tourism can also “increase tax bases, generate direct revenue for both private and public entities and heighten civic pride” (Long & Lane, 2000, p. 301). When tourism is pursued *by* and *with* the active engagement of rural communities, it can provide opportunities to forge a new collective identity, as well as deeper place attachment and stronger social networks. Community-driven tourism development can prevent the stagnation of local cultural vitality, countering the tendency to surrender to sentiments of “what is familiar is often unrecognized for its value” (Van der Stoep, 2000, p. 313). The commodification of local culture or heritage – with appropriate community engagement – can “serve to offset economic decline while simultaneously protecting and preserving significant cultural markers” (Rockett & Ramsey, 2017, p. 306).

Because many of the nature-based activities typical of rural tourism rely on relatively healthy local ecosystems, these activities can “help justify and fund conservation of the natural and human heritage” (Long & Lane, 2000, p. 303). When administrated conscientiously, rural tourism can be grounded in “a model of economic development based on ecological integrity” (Schwoerer & Dawson, 2017, p. 2), ensuring the long-term protection of cultural and ecological assets. Finally, renewed interest in local amenities and recreational opportunities enjoyed by residents and tourists alike can incentivize investment into their improvement and upkeep, as well as investment into necessary supportive features such as infrastructure (Long & Lane, 2000; Schwoerer & Dawson, 2017; Van der Stoep, 2000).

Additional scholarly analysis of the positive impacts of tourism comparable to the rural Canadian context is limited. However, reports outlining the importance of tourism in Canada are regularly published by industry organizations as well as government authorities. According to the Tourism Industry Association of Canada, the industry contributes to “economic growth, job creation, environmental protection, supporting culture, fostering Indigenous heritage, as well as promoting peace, prosperity, and a respect for rights” (Tourism Industry Association of Canada [TIAC], 2022, p. 2). Similarly, Tourism HR Canada (n.d.) maintains that tourism is not only “important to Canada’s economy, it is uniquely positioned to increase social capital and contribute to political stability” (n.p.). In 2019, Melanie Joly, then-Minister of Tourism,

Official Languages and la Francophonie, asserted that tourism has “tremendous potential to transform communities facing economic difficulties” (Canada, 2019, p. 5).

While these proponents of the industry may be subject to some biases, tourism’s contribution to the Canadian economy is considerable: in 2019, it contributed \$43.7 billion to the economy, making up a 2.02% share of total Gross Domestic Product (GDP) (Destination Canada, 2020). Rural communities are uniquely positioned to participate in the industry, with “built-in advantages” (Infrastructure Canada, 2021, p. 13) such as their potential to serve as ‘gateways’ to areas of high cultural, heritage, and natural value. Tourism is also widely distributed throughout the country, with 56% of jobs in the industry located in rural Canada (Canada, 2019). Additionally, tourism is argued to offer good job security, as well as job growth potential, with a diversity of positions ranging from first jobs for youth, to “c-suite roles for those seeking leadership and advancement opportunities” (Tourism HR Canada, n.d., n.p.). Tourism HR Canada (n.d.) also asserts that tourism provides economic diversification for communities with otherwise waning economies. Furthermore, according to the Government of Canada, “tourism now offers good middle class jobs with career choices in well-paid, highly skilled fields” (Canada, 2019, p. 10); however, the rural-urban distribution of the various types of employment is unclear.

In British Columbia, the tourism industry is “a recognized job creator” (Destination BC, 2015, p. 6), generating 161,500 jobs in the province (Destination BC, 2020). Much of BC’s tourism marketing points to the natural, and de facto rural, features of the province, perhaps best exemplified by its branding of ‘Super, Natural British Columbia’. Interestingly, Destination BC (2020) considers tourism as the “leading economic base” (p. 13) of the natural resources sector; they also argue that tourism generates higher rates of ‘economic spinoff’ compared to other natural resource industries like mining or oil and gas extraction, including improving access to international markets, providing jobs for locals, and incentivizing the improvement of infrastructure. The provincial government further posits that tourism supports amenities that are desirable to residents as well as tourists, as well as encouraging the preservation of local histories, cultures, and traditions (Destination BC, 2020).

However, the COVID-19 pandemic brought tourism to a halt around much of the globe, revealing a key vulnerability in the industry. In Canada, tourism's contribution to GDP halved, from the aforementioned \$43.7 billion in 2019, to \$22.0 billion in 2020. In this same period, spending by international tourists dropped 83%, while spending by domestic tourists dropped by some 40%. Subsequent job numbers oscillated, with an initial loss of over 700,000 jobs in the industry, followed by a brief rebound in the summer of 2020; nonetheless, the total number of tourism jobs fell from 2.1 million in 2019 to 1.6 million in 2020 (Destination Canada, 2020). With international travel largely impossible, and continued fluctuations in the relative severity of the COVID-19 situation, some Canadian tourist destinations experienced a rise in interest from domestic tourists. With the absence of international tourists – who tend to visit only major urban centres (especially the MTV) (Destination Canada, 2019) – rural areas saw an uptick in interest from domestic tourists as they provided “a chance to escape crowds and spend time outdoors” (Lord, 2022, n.p.). However, as the pandemic continues to unfold, scholarly analysis of this emerging trend remains limited (Rajaonson & Tanguay, 2022).

### **2.5.3 Negative impacts of rural tourism**

Pursuing tourism as an economic alternative to traditional resource extraction can also expose rural communities to a number of social and economic risks. Albrecht (2007) cautions that a community development model that prioritizes dependence on amenity resources over traditional employment (such as agriculture or resource extraction) can experience rapid growth and subsequent increases of poverty and inequality. Local residents are also often concerned about increasing costs of living and housing, competition with tourists for recreational space, rising environmental pollution, and loss of community (George et al., 2009; Nepal & Chipeniuk, 2005). Moreover, tourism “is often considered within a reactionary framework without understanding what tourism is or how it can and should be managed” (Koster & Lemelin, 2009, p. 257), which is important to note considering the often-limited jurisdictional capabilities of rural municipal governments. While tourism does not follow the same boom-and-bust patterns as traditional natural resource industries, it remains connected to global economic ebbs and flows,

as evidenced in the recent instability in the industry caused by pandemic-related lockdowns (Rajaonson & Tanguay, 2022), as well as a broader vulnerability to slowdowns amid global recessions (Papatheodorou & Pappas, 2017).

In addition to the potential instability brought by global economic fluctuations, tourism tends to create lower-wage service jobs, which “provide only limited economic benefits that may be outweighed by subsequent disadvantages” (Albrecht, 2007, p. 10). At the same time, Goe, Noonan, and Thurston (2003) found that some residents in amenity-rich communities were willing to accept lower pay in order to live there, suggesting that for some, the pull factor of amenities can be stronger than the push factors of lower-quality employment. Destination BC (2020) also highlights that the industry is the largest employer of youth in the province, who make up over 30% of its workers. Although youth employment opportunities are important, the jobs provided by tourism tend not to provide a living wage and full-time equivalent work, which is problematic when it is the dominant industry in a rural community with few other job opportunities (Albrecht, 2007; Cawley, 2009; George et al., 2009; Yin & Muller, 2008). One of the key issues in rural communities focused on tourism is that the people who work in the industry are unable to afford the higher costs of living – including high costs of housing driven up by tourism – and are thus displaced to surrounding communities (Moore et al., 2006). There are also media reports of overcrowding in resort communities in response to these pressures (Clancy, n.d.; Michelson, 2017; Pike, 2022), though they do not appear in the academic literature.

Considering the characteristics of employment generated by tourism, the costs and benefits of the industry tend to be spread unevenly throughout a community, with the primary beneficiaries often being tourists and associated businesses. The pursuit of tourism as an economic driver can therefore be quite contentious, with potential impacts on both the social capital and social sustainability of rural communities (Aspinall, Cukier, & Doberstein, 2011; Goe et al., 2003). While much of the focus in the development of tourism is on supporting associated businesses, “what is often neglected is the risk assumed by the local inhabitants of the destination itself” (George et al., 2009, p. 32). In this context, ‘local inhabitants’ can

include permanent residents and amenity migrants, including second home owners and seasonal workers. Permanent residents tend to be most vulnerable to the costs associated with tourism (such as rising costs of living and fragmentation of community ties), while amenity migrants and tourists stand to benefit the most from changes brought on by the industry (Nepal & Chipeniuk, 2005).

Rapid and extensive tourism development can result in the loss of community ties and pre-established local sense of place. The success of establishing rural communities as tourism destinations is closely tied to resident perceptions, and residents can become resistant, especially “if the development diminishes [their] opportunities for outdoor recreation” (Nepal & Chipeniuk, 2005, p. 323). Furthermore, the attitudes of the community are especially important in rural tourism development as the typical attraction is the environment or culture itself (George et al., 2009). Attention to this issue is evident in the Kootenay Rockies [Tourism] Development Strategy, which lists one of its main goals as working to “improve resident recognition of tourism as a positive contributor to community resiliency and quality of life” (Destination BC, 2019, p. 3).

The interests of the tourism industry can also interfere with already established resource extraction industries, such as forestry. As mentioned above, much of the tourism marketing for BC centres on the province’s natural amenities, which are also valued by the forestry industry. On Vancouver Island, Hilsendager, Harshaw, and Kozak (2016) found that the visual impacts of forestry activity – such as vast clear cuts visible from main highways – are a key concern for tourism operators. While forestry operations are required to fulfil provincial visual impact guidelines, operators of growing nature-based tourism operations have raised concerns about the efficacy of existing guidelines; for example, as visitors drive from Nanaimo to Port Renfrew to access the world-renowned West Coast Trail, the “journey... is dominated by clear-cuts visible along much of the roadside” (Hilsendager et al., 2016, p. 107). As tourism, and especially nature-based tourism, continues to gain importance in the BC economy, the ‘war in the woods’ involving competing ideals of the value that forests hold, as well as the enduring changes brought by the rural economic transition, continues to play out in rural landscapes (Hayter, 2003; Hilsendager et al., 2016).

Tourists tend to visit destinations with their own preconceived ideas about these places, and may only need to engage with them on a superficial level to enjoy themselves. This can lead to tension between a long-established, deeply-rooted sense of place and strong economic identity held by residents, and the somewhat superficial consumption of local amenities by tourists (Nepal & Chipeniuk, 2005). Moreover, tourist consumption has the power to disrupt internal social structures and hierarchies within rural communities, as well as transform their physical landscapes. It is important, therefore, that these communities transition towards tourism in ways that allow them to maintain some sense of control over their environment and over economic activity (Hwang, Stewart, & Ko, 2012).

#### **2.5.4 Ski resort development**

Some rural communities in mountainous regions have pursued the development of ski resorts to foster tourism. In BC, ski resorts were first pursued by the provincial government in the early 2000s through the British Columbia Resort Task Force, and were touted as an important component of the government's strategy for revitalizing struggling heartland communities (Nepal & Jamal, 2011). Today, the approvals of major resort developments are administrated through the provincial Mountain Resorts Branch, whose vision is to "develop British Columbia as a world-class, all-season resort destination" (British Columbia, n.d.a, n.p.). While resort development requires major investments in infrastructure, it can be "an economic engine, especially for rural destinations" (Moscovici, 2022, p. 2). In the 2012/2013 season, ski resorts in BC generated revenue of \$1.3 billion, or 9% of provincial tourism revenues for 2013, and provided 18,823 "equivalent full-year jobs" (Destination BC, 2015, p. 28). In Fernie, in the interior of the province, the development of the Fernie Alpine Resort has induced "downtown revitalization and growth of hospitality, facilities, and the service sector" (Nepal & Jamal, 2011, p. 98). Furthermore, the resort has stimulated a growth in population, as well as an increase in newly built condominiums and second homes (Nepal & Jamal, 2011). Additional positive impacts of ski resorts are consistent with the broader positive impacts of tourism itself, including stimulating economic development and job creation (Aspinall et al., 2011).

While they can bring an economic boost, and provide opportunities for diversification, ski resorts can also create new challenges for rural communities. In terms of socioeconomic challenges, they have been found to increase costs of housing and influence growth patterns of surrounding communities. In a study in the BC interior, Nepal & Jamal (2011) found that communities with nearby ski resorts saw increases in median housing prices that exceeded increases in local incomes. They also mentioned that in the communities studied, it was common for residents to be in core housing need; this trend has likely only gotten worse in the subsequent decade, given the explosive growth of housing costs in Canada generally. Along with this, Nepal & Jamal (2011) note a positive correlation between amenity migration and ski resorts, as well as high proportions of residents who only arrived recently, or had permanent addresses elsewhere. This correlation is indicative of the changing nature of who is now able to afford to live in these communities, and could suggest a fragmentation of community cohesion given the different interests and experiences of recently arrived amenity migrants and second home owners.

Moore et al. (2006) argue that towns with ski resorts attract the wealthiest of amenity migrants and second home owners, whose “specific accommodation needs and purchasing power... create housing prices and accommodation costs that often override normal market conditions” (p. 135), which then “constrain the abilities of regular residents and resort employees to become homeowners or even renters” (p. 135). In Whistler, the housing market became almost entirely inaccessible to those employed by the resort, forcing the creation of the Whistler Housing Authority and the development of non-market employee housing (Dickinson et al, 2009), which today oversees 327 long-term rental units in the community (Whistler Housing Authority, n.d.). Conversely, Chipeniuk (2005) argues that resort tourism may discourage amenity migration, as “masses of tourists erode the sense of community so attractive to amenity migrants... [and] tourists compete for many of the same resources as amenity migrants seek” (p. 63).

Ski resort developments can also influence the growth patterns of rural mountain communities. Ski resorts are most often built outside of municipal boundaries; consequently, many subsequent resort-associated developments also occur outside of municipal boundaries, leading to ‘enclavic’ growth in

‘parallel towns.’ These developments are often defined by “higher housing prices, the quality of housing, aesthetic appeal, and exclusivity” (Nepal & Jamal, 2011, p. 98), and provide few economic benefits to nearby communities while also straining shared infrastructure. Although expanding municipal boundaries to encompass resort development areas can be an option for some communities, it would require significant upgrades to infrastructure and services, the capacity for which is already strained given the limited funding that many rural municipal governments contend with (Nepal & Jamal, 2011).

The lack of ability for municipal governments to influence or benefit from ski resort development is also a key issue here, as small communities in the BC interior do not have the power to regulate resort developments (Chipeniuk, 2005), while also lacking the capacity to manage growth strategies and prepare adequate planning procedures (Nepal & Jamal, 2011). Approval for ski resorts is granted by the provincial government, and local concerns can be overlooked if the resort looks “highly beneficial to the population of British Columbia as a whole” (Chipeniuk, 2005, p. 66). An example of this tension can be found in the now-cancelled Jumbo Glacier Resort, which was set to be an all-season high elevation glacier resort, promising year-round skiing and a brand-new village some 50 kilometres west of Invermere, BC (Aspinall et al., 2011). The project was highly controversial; Aspinall et al. (2011) found that residents of Invermere expected that their overall quality of life would decline if the resort were built, and these anxieties were reflected in large-scale local resistance to the proposal. Although the provincial government approved the development of the resort in 2012 (British Columbia, 2012), the project did not go ahead, and in 2020, due in large part to local resistance, the land intended for the ski resort was returned to the stewardship of the Ktunaxa First Nation (Weber, 2020).

Ski resorts also have an uncertain future, given the mounting effects of climate change. Specifically, their viability is threatened by increasing temperatures and more variable rates of snowfall, culminating in shorter skiing seasons and even the closure of some operations (Butsic, Hanak, & Valletta, 2011; Moscovici, 2022). This uncertainty “looms large” (Nepal and Jamal, 2011, p. 98) in resort-dependent communities, where “it appears that not much thought has been given to future climatic conditions” (Nepal and Jamal,

2011, p. 98). The impacts of climate change are already being felt; in late 2022, the Tūroa and Whakapapa ski resorts in New Zealand were left “on the brink of bankruptcy” (Perry, 2022, n.p.) after being forced to close for the season three weeks sooner than expected due to deteriorating snow conditions (Perry, 2022). Likewise, in January of 2023, ski resorts throughout the European Alps were unable to operate due to consistent above-zero temperatures and a critical lack of precipitation (Foulkes, 2023). In western Canada, the length of snow cover has been found to have decreased by some 20 or 30 days since 1982 (Notarnicola, 2022). Given this context, ski resorts have employed a variety of methods to adapt to climate change, including expanding capacities for snow making, modifying slopes to maximize shade and minimize obstructions (to enable skiing with thinner snow cover), cloud seeding to encourage precipitation, and diversifying sources of revenue. However, these measures all require more intensive use of resources, from draining local bodies of water for snow making, to clearing more land to create trails for summer activities such as hiking and mountain biking (Scott & McBoyle, 2007). These impacts add to the environmental damage that ski resorts can cause. Some of their “significant negative impacts on the environment” (Moscovici, 2022, p. 2) include the loss and fragmentation of wildlife habitat, the loss and degradation of soil, water pollution, reduced biodiversity, and increases in water surface runoff and subsequent erosion (Moscovici, 2022; Ristić et al., 2012).

### **2.5.5 Second home ownership**

Rural areas with recreational and natural amenities are sought after by second home owners for their privacy, safety, and rural sense of place. While these may be the same qualities that attract full-time residents, second home owners and seasonal residents form differing connections to rural communities, often maintaining divergent perspectives on the forms that local growth and development should take. Green et al. (1996) argue that while full time residents define their community through a lens of production, seasonal residents tend to define it through a lens of collective consumption. In the interest of protecting their investments – such as their home, social relationships, and local business endeavours – full-time residents are more likely to embrace development strategies that encourage growth. In contrast, part-time

residents of rural communities are less likely to depend on the local economy and local social connections (Green et al., 1996), and are more likely to advocate for protection of the local environment (their ‘rural idyll’), for example by advocating for “regulations to restrict broader access [and] prevent future development” (Kondo et al., 2012, p. 175). Moreover, second home owners can hold significant privilege in these communities due to their “cultural, political, and economic capital” (Kondo et al., 2012, p. 180), which affords them considerable influence over decision-making processes.

It has also been noted that second home owners’ preference for preserving environmental quality may be in conflict with the impacts of their own activities in the community (Green et al., 1996). Although resource extraction is often seen as the main threat to protected natural areas, it appears that the development of housing is presenting a growing risk to rural landscapes (Radeloff et al., 2010). For example, second home owners’ preference for housing located in “spatially remote areas of high ecological sensitivity” (Kondo et al., 2012, p. 175) can result in environmental impacts such as the introduction of invasive species, soil degradation, loss and fragmentation of wildlife habitat, and groundwater depletion. Additionally, simply owning a second home can also increase an individual’s carbon footprint through needs such as property maintenance, additional travel, and additional infrastructure (Kondo et al., 2012). Furthermore, in line with the growth patterns catalyzed by amenity migrants, second home ownership has been argued to contribute to suburbanization, potentially creating “second-home suburbs” (Collins, 2013, p. 114).

## **2.6 Short-term rentals**

Short-term rentals (STRs), also known as peer-to-peer accommodation (P2P), are a relatively recent phenomenon in the tourist accommodations sector. As part of the broader sharing economy movement, STR platforms facilitate the connection of travellers with rooms or entire homes that are rented out on a short-term basis by independent hosts. The STR industry is best known for its most successful platform, Airbnb. This company was formed in 2007 as a platform intended to allow homeowners to earn some extra income by renting out spare rooms, and has since grown to feature six million listings in over 200 countries worldwide (Airbnb, 2022). Other platforms, such as VRBO or HomeAway, have varying degrees of

popularity, though Airbnb is “by all accounts the dominant force” (Wachsmuth & Weisler, 2018, p. 1149). This is also reflected in most of the available academic literature, in which Airbnb is the most extensively studied platform, and is often understood to be synonymous with STRs. It has also been claimed that the impacts that STRs have on communities and housing markets are “not well understood, since [Airbnb] takes great pains to cloud its operations from scrutiny” (Wachsmuth & Weisler, 2018, p. 1149).

Consistent with the original intent of the sharing economy, where “individuals offer products and services to other consumers and to firms using online platforms” (Bulchand-Gidumal, Melián-González, & González López-Valcárcel, 2019, p. 55), platforms like Airbnb began by connecting tourists with personal, unique ways to experience the places they visit. However, as the STR market has evolved, today’s “current reality consists more of (luxury) apartments managed by professional companies” (Larpin et al., 2019, p. 94). This trend contrasts with understandings of the sharing economy embodying “a general paradigm shift towards non-professional service providers” (Larpin et al., 2019, p. 102), and sparks debate about the impacts that STRs may be having on communities. In many rural communities, this commercialization has occurred as STRs have come to dominate available tourist accommodations. However, the majority of extant research focuses on STRs in urban centres, leaving the phenomenon underexamined in smaller communities and rural areas (Combs et al., 2020; Müller et al., 2021).

STRs have a global reach, but their proliferation and effects are highly localized (Combs et al., 2020). Although they very quickly gained popularity across Europe and North America in the early 2010s, the growth of STRs in these regions has been leveling out in recent years due to the saturation of supply and gradual introduction of regulations. Conversely, developing countries are now experiencing growth in the STR sector (Adamiak, 2022). Within developed countries, “Airbnb is mainly seen as an urban phenomenon with high-profile discussions on its place and regulation in cities like New York, Barcelona, San Francisco or London” (Larpin et al., 2019, p. 92).

Although the vast majority of research on STRs focuses on urban centres, there is a small body of research exploring their distribution throughout a selection of rural regions in Europe. In Andorra, STRs

have been found to be concentrated near existing tourist attractions, suggesting that their spatiality “does not correspond to a logic of demographic distribution, but to a logic of potential for maximising profit from the housing market in areas with the greatest potential for revenue” (Domènech & Zoğal, 2020, p. 369). Similarly, in rural Switzerland, STRs were found to be concentrated in areas that already had a high proportion of second homes (Domènech et al., 2019). In the rural community of Pollença, Mallorca, STRs are not concentrated in specific neighbourhoods – which is the distribution typical in cities – rather, they are spread throughout the municipality (Müller et al., 2021). Agreeing with Domènech et al. (2019) and Domènech and Zoğal’s (2020) findings of the tendency of STRs to be centred around tourist attractions, Müller et al. (2021) also assert that “spaces with strong cultural prestige and other features, such as picturesque and protected cultural landscapes, are also likely to be ‘airbnbificated’” (p. 1625).

Studies focusing specifically on Canadian contexts (both urban and rural) are very limited. One of the few studies looking at the presence of STRs in Canada undertook a detailed comparison of Airbnb activity across Montreal, Toronto, and Vancouver (‘the MTV’), where Wachsmuth et al. (2017) found that listings tended to be concentrated in central neighbourhoods and displayed “volatility and churn” (p. 14) driven by seasonality. This would suggest that the impacts of STRs are felt differently throughout cities, with some central neighbourhoods seeing as much as two to three percent of their housing stock converted to STRs (Wachsmuth et al., 2017). In an analysis of Airbnb activity across both urban and rural contexts throughout Canada, Combs et al. (2020) found that while almost half of all active listings were concentrated in the MTV, rural areas and small towns were generating higher revenues and seeing significantly higher rates of STR listing growth: in 2019, the MTV saw a 66% year-over-year growth in very frequently rented (available for at least 240 nights, actually rented for at least 120 nights) entire home listings, while rural census areas saw a 290% growth (Combs et al., 2020). This phenomenon has been observed across the globe, where “in mature Airbnb markets the number of platform offers outside of major cities grow more quickly than in these cities” (Adamiak, 2022, p. 3146). Additionally, frequently rented entire home listings – the type of listing most likely to remove housing from the local rental market – were found to be more

common in rural areas, while also displaying higher degrees of seasonal variation (Combs et al., 2020). Importantly, Combs et al. (2020) also found that STR activity varies significantly throughout Canada; for example, in Tofino, BC, 14% of all housing units were very frequently rented, compared to only 0.05% of housing units in Lethbridge, Alberta.

It is also important to acknowledge the recent impacts of the COVID-19 pandemic on STRs, which is not accounted for in the majority of data and conclusions included in this section. Although the full extent of the pandemic on STRs is not yet known, its impacts have been significant: in 2020, Airbnb saw a 96% drop in bookings (Dolnicar & Zare, 2020). As a result of the pandemic, Dolnicar & Zare (2020) predicted that the proportion of professionalized, investor-hosted STR listings would decrease, precipitating a “re-emergence of the original Airbnb ethos” (p. 2) of small-scale, personal sharing of space. Indeed, during the worst of pandemic restrictions, STR platforms saw a mass exodus of listings, with many of these units being returned to the long-term rental market (Sequera et al., 2022). In Vancouver, 823 unique STR listings were matched to new long-term rental listings on online marketplaces, suggesting that these STR listings were being returned to the long-term rental market during the pandemic (City of Vancouver, 2021). However, contrary to Dolnicar & Zare’s (2020) predictions, Sequera et al. (2022) found that the return of long-term units was temporary, with STR platforms seeing a later resurgence of listings and the additional change that small-scale hosts have been pushed out of the STR market, while professionalized hosts with greater resources have been able to financially survive the pandemic. However, as the full effects of the pandemic are not yet known, it is impossible to conclude if these changes are permanent and happening globally.

### **2.6.1 Positive impacts of short-term rentals**

While academic literature tends to focus on the negative impacts of STRs, they can also provide some benefits. In keeping with the original intention of Airbnb, STRs can help offset the costs of homeownership and preserve property values by providing additional income to homeowners (DiNatale, Lewis, & Parker, 2018; Domènech & Zoğal; 2020; Furukawa & Onuki, 2022; von der Heidt et al., 2020). Innovating from

the original idea of Airbnb, the STR platform Fairbnb.coop provides ‘responsible homesharing’ and reinvests 50% of their fees into local community projects, in an effort to keep the benefits of the economic activity generated by STRs within the local community (Fairbnb.coop, n.d.). The professionalization of STRs can also be viewed from a positive light, as “a career maker or enhancer for individuals, because it allows users who desire to be hosts the ability to ‘quasi-startup’ a business” (Midgett et al., 2017, p. 58). Taxes generated from permitting and regulating the STR industry have also been touted to support job growth, while simultaneously generating revenue for the municipality (DiNatale et al., 2018)—although it is important to note that such taxes were very seldom collected during the initial development of the STR market. Because STRs are aimed towards tourists, they can help stimulate tourism, which in turn can support local economies (DiNatale et al., 2018; Midgett et al., 2017; von der Heidt et al., 2020). Additionally, STRs have been argued to provide a more sustainable alternative to traditional accommodations, as they require fewer resources and less energy to operate, while also making effective use of dwellings that are already standing (instead of requiring new purpose-built accommodations) (Midgett et al., 2017).

In rural areas, STRs can play an important role in bringing new tourist spending (DiNatale et al., 2018). This is particularly the case in “rural areas with a deficit in terms of conventional tourist accommodation infrastructure” (Gómez-Martín et al., 2021, p. 140). While STRs can be beneficial as “a complement to an underdeveloped accommodation supply” (Domènech & Zoğal, 2020, p. 365), they can also increase the variety of accommodation available to tourists and fill market gaps in communities with developed tourism infrastructure (DiNatale et al., 2018; von der Heidt et al., 2020). For example, multi-family travel is one niche whose needs have been neglected by traditional types of tourist accommodation, for which STRs can provide an ideal alternative (Zare & Dolnicar, 2021). Furthermore, several studies also contend that STRs target the specific niche of tourists who are looking for an authentic experience of the place they visit by providing an opportunity for tourists to connect with local residents on a deeper level (Furukawa & Onuki, 2022; Gómez-Martín et al., 2021; von der Heidt et al., 2020). During COVID-19,

STRs also proved important in providing locations for individuals needing to isolate, such as travellers fulfilling quarantine requirements, or health workers wanting to protect their families (Zare & Dolnicar, 2021).

### **2.6.2 Negative impacts of short-term rentals**

There is a growing body of literature examining the potential negative effects of STRs, including the reduction of long-term housing stock and consequent increase in housing costs, displacement of workers and associated labour shortages, the professionalization of STRs, and unfair advantages over the traditional accommodations industry, among others. The skew in the literature towards the negative may be influenced by the typical community response, which “experiences both the positive and negative economic impacts of Airbnb, but perceives only negative social and ecological impacts” (von der Heidt et al., 2020, p. 59). One factor that may explain this perception is that the positive impacts of STRs – such as new income for homeowners – tend to benefit specific individuals, whereas the negative impacts – such as increased rents – tend to be felt by the community at large (von der Heidt et al., 2020).

Upon their emergence, STRs existed within a legal grey area that operated outside of existing structures of taxation and regulation. This gave them a significant competitive advantage over traditional accommodation providers, and helped enable their rapid rise to prominence (DiNatale et al., 2018). The immediate threat is to hotels, although those that are part of multinational chains may be able to withstand greater competition (Gómez-Martín et al., 2021). In rural areas, smaller hotels and guesthouses have faced considerable hardships in adapting to an influx of STR activity (Gómez-Martín et al., 2021), although the (gradual) emergence of STR regulations, and the application of tax rules, has begun to limit the disruptive effect of the industry on traditional accommodation providers (DiNatale et al., 2018). Prior to these changes, STRs arguably provided a conduit for tax evasion and allowed large-scale commercialized operators to circumvent accommodations regulations (DiNatale et al., 2018; Ključnikov, Krajčák, & Vincúrová, 2018).

STRs can directly remove long term housing from local housing markets (Combs et al., 2020; DiNatale et al., 2018; Domènech & Zoğal, 2020; Müller et al., 2021; Wachsmuth & Weisler, 2018; von der Heidt et al., 2020). Combs et al. (2020) estimate that Airbnb has removed between 17,000 and 43,000 units of housing from the long-term rental sector across Canada, with the largest losses found in the west of the country. This is consistent with trends in Australia, where it is especially impacting young people entering the rental housing market for the first time (von der Heidt et al., 2020). Müller et al. (2021) affirm that while STRs have been a crucial tool in attracting investment to Spanish communities paralysed by the reduction of tourist activity during the 2008 financial crisis, they have led the entire municipality of Pollença, Mallorca, to become ‘airbnbified’ via unregulated and illegally constructed new dwellings. One of the oft-touted proposed measures to release pressure in housing markets is to dramatically increase available supply; however, this may be negated by STRs, as seen in Los Angeles, where it was “estimated that homesharing platforms took 11 units off the local rental market each day, accounting for a significant portion of new housing built since 2010 that was intended to slow rent increases” (Wachsmuth & Weisler, 2018, p. 1150).

In Colorado, STRs have been found to lead to “the reduction of homes and bedrooms previously used by employees, increasing the demand for workforce housing and reducing its supply” (DiNatale et al., 2018, p. 408). A direct consequence of a reduction in the supply of housing is an increase in its associated costs, which is especially important in rural communities reliant on tourism where much of the available employment is lower-wage and seasonal (Domènech & Zoğal, 2020; Müller et al., 2021). When workers are unable to find or afford long-term rental accommodation in tourist communities, they are forced to move to surrounding communities or out of the region entirely. This displacement has been observed in Pollença, Mallorca, where it has led to labour shortages in the local tourism industry (Müller et al., 2021). The displacement of lower- to middle-income residents working in the community can weaken existing social networks and lead to a change in the entire culture of the local community (von der Heidt et al., 2020); this is especially problematic when the local culture of rural communities is a main tourist attraction. Along

with the reduction in workforce housing, STRs also provide less employment than traditional accommodations; in the Pyrenees region of Catalonia, for example, Gómez-Martín et al. (2021) estimate that 8,882 hotel beds provided 1,972 jobs, while 11,562 STR beds provided just 254 jobs, a difference that they argue “could affect the sociodemographic revitalisation” (p. 152) of the study areas.

Another major issue surrounding STRs is their increasing professionalization, aptly described by Wachsmuth et al. (2017), who identify a ‘triple threat’: listings that are used as STRs year-round, are entire homes, and are offered by a host operating more than two listings. These listings “represent the maximum commercialization and commodification of home sharing: they are being operated as a large-scale business, and they are taking long-term housing off the rental market” (p. 31). These ‘multihosts’ are not always newcomers to STRs; they may already be “professionals in the traditional vacation rental industry and see Airbnb as a new distribution channel” (Larpin et al., 2019, p. 93). Globally, the professionalization of STRs is on the rise (Adamiak, 2022; Gurran et al., 2018; Larpin et al., 2019). This is consistent with data from Combs et al.’s (2020) pan-Canadian analysis, where almost 50% of Airbnb revenue in 2019 was generated “by commercial operators who manage multiple listings” (p. 12), a trend that they argue should be a key consideration in the development of STR policy. In the MTV, Wachsmuth et al. (2017) found that revenue was concentrated among the top earners, with the top one percent of hosts earning over 20% of total revenue. Operating alongside broader trends of financial actors investing in long-term rental real estate, STRs are especially attractive to both local and global investors, as seen in the Catalan Pyrenees, Spain, where 80% of STR hosts were not local to the area (Gómez-Martín et al., 2021). Additionally, operating multiple STR listings “appears to be more economically viable and favours the growth of the market shares of professional hosts” (Larpin et al., 2019, p. 102).

One of the key factors leading to the explosive popularity of STRs is that they provided a new way to generate revenue from housing without any need for redevelopment, which is “in effect shifting the ‘highest and best use’ of residential neighbourhoods with sufficient extra-local tourist interest” (Wachsmuth & Weisler, 2018, p. 1152). This contributes to broader global trends towards the financialization of housing,

with Müller et al. (2021) noting that STRs transform houses “from having a residential value to having merely an exchange value for property owners” (p. 1622). Furthermore, STRs have been theorized to be an example of transnational gentrification, where local capital is leveraged to serve extra-local demand, contributing to local housing costs becoming disconnected from local demand and incomes (Wachsmuth & Weisler, 2018). This can be especially visible in high-amenity areas that appeal to tourists, where STRs are likely to cluster, and contribute to an increased likelihood of speculation and profiteering (Domènech et al., 2019; Domènech & Zoğal, 2020). In some jurisdictions, STRs can be significantly more profitable than long-term rentals while also being exempt from residential tenancy laws, giving homeowners further incentive to enter the STR market (Wachsmuth & Weisler, 2018).

While some proponents of STRs argue that they can help bring tourism to areas with underdeveloped tourist infrastructure and accommodations, several studies (Domènech et al., 2019; Domènech & Zoğal, 2020; Müller et al., 2021) have found that STRs tend to be clustered in areas with already-established tourist infrastructure. This means that they have the potential to increase the pressure of tourism in places where the industry is already well established, resulting in the disruption of the already existing tourist accommodations sector (DiNatale et al., 2018; Gómez-Martín et al., 2021; Wachsmuth & Weisler, 2018). In Switzerland, for example, Larpin et al. (2019) found a positive correlation between the number of hotel beds and the number of STR units, which “tends to indicate that Airbnb is more of a competitor rather than a complement to hotels” (p. 101). In Canada, STRs have been making up an increasing proportion of revenue in the accommodation services subsector, increasing from 7% in 2017, to 15% in 2021 (Bernard & Vipond, 2023). However, these conditions are not mutually exclusive, as Domènech et al. (2019) caution – while STRs have become a significant competitor for traditional accommodations, at the same time they are expanding their reach “to other areas with potential for profiteering” (p. 256), where the tourism and second home industries are expanding.

### 2.6.3 Regulation of short-term rentals

While the emergence and rapid rise of STRs “caught regulators off guard” (Wachsmuth et al., 2017, p. 40), many jurisdictions subsequently developed regulations intended to address their impacts on housing costs and availability. Furukawa & Onuki (2022) caution that it may be too early to quantify the impacts of these regulations, as many jurisdictions have only started implementing them in recent years, during which the forces of tourism have been significantly swayed by the COVID-19 pandemic. Additionally, in North America and Europe, most regulations are implemented on the local (municipal) scale (Adamiak, 2022), which makes it difficult to conduct systematic reviews. This is also consistent with STR regulations in Australia, where regulatory responses have been fragmented in the form of sporadic local-level restrictions with very little oversight coming from higher levels of government (von der Heidt et al., 2020).

The debate over who exactly should be regulating STRs is a key question. There is some opposition to the implementation of regulations by higher orders of government, as a centralized approach to taxing and restricting STRs may be inappropriate due to very different ways in which STRs impact individual communities – for example, resort communities are much more strongly impacted than communities with very limited amenities or tourist attractions (DiNatale et al., 2018). On the other hand, leaving these questions to local authorities may prove especially challenging for smaller communities, as they face capacity-related constraints and lack the necessary leverage to negotiate cooperation with major platforms like Airbnb (Combs et al., 2020).

STRs tend to have both ardent proponents, who stand to benefit from permissive (or non-existent) policy, and ardent opponents, who call for protection of affordable housing stock; as such, regulators “have had certain difficulties when they have tried to legislate and regulate [STR] activities” (Domènech & Zoğal, 2021, p. 362). Some researchers have pointed to a dynamic that may be somewhat unique to smaller communities, wherein those in positions of power are themselves involved in STRs, resulting in lackluster attempts at regulation. In Pollença, Mallorca, local STR hosts have formed a powerful rentier coalition that works to protect the interests of hosts and block attempts at regulations, and ensures that communities in

the area will continue to be “transformed into tourist zones” (Müller et al., 2021, p. 1619). Drawing from interviews with municipal officials from smaller cities in Oregon, DiNatale et al. (2018) found a general acknowledgment that STRs can negatively influence housing affordability and supply, but that many of these officials were also personally involved with STRs and consequently saw them as “less problematic” (p. 414). Additionally, a key issue in the implementation of STR regulations is enforcement, as “the nature of P2P [STR] transactions makes monitoring the hosts’ conducts and the guests’ behaviour very costly” (Furukawa & Onuki, 2022, p. 3258). This particular issue may be especially relevant to small communities, as they often have very limited capacity, though academic literature on this topic is currently severely limited.

Despite the methodological difficulty in evaluating STRs on a larger scale, Furukawa & Onuki (2022) have identified six main approaches to regulating STRs: 1) the laissez-faire approach, with no specific regulations; 2) the general approach, which regulates all STRs equally; 3) the residence-oriented approach, where restrictions are placed on the residence itself; 4) the host-oriented approach, where restrictions are placed on the host; 5) the hybrid approach, which places restrictions on both the residence and the host; and 6) the prohibitive approach, which restricts all STR activity. Although Furukawa & Onuki’s (2022) study focuses on cities in the United States, these approaches can be broadly applied to examples elsewhere (Wachsmuth et al., 2017; Domènech & Zoğal, 2020). More specifically, attempts at regulation have included restrictions on the spatial density of STRs, reducing the number of STRs allowed to be run by a single host, requiring STRs to be located within the primary residence of the host, and operators being required to pay commercial rather than residential taxes on their properties (Domènech & Zoğal, 2020; Furukawa & Onuki, 2022). Furthermore, one of the most common methods of regulation is through a licensing process, where STR operators must obtain a license to operate their rentals while also paying associated fees. The income from these fees can then be used to fund enforcement, which can be crucial for smaller communities with limited resources (Domènech & Zoğal, 2020).

In Canada, regulatory engagement on the federal level has been limited; STRs were not required to collect Harmonized Sales Tax (HST) or Goods and Services Tax (GST) until July of 2022 (Airbnb, n.d.; Canada, n.d.a). Instead, the responsibility for regulation of STRs most often falls to municipal governments, with the exceptions of Québec and British Columbia. Québec is the only province to establish blanket regulations on the provincial scale, which stipulate that hosts must pay lodging taxes and report their income (Revenu Québec, n.d.), as well as registering their unit with the provincial government (Finances Québec, 2022). Although less hands-on than the Québec approach, the BC government has also instituted provincial taxation requirements on STR hosts, specifically with the cooperation of Airbnb itself; this includes the collection of PST as well as a Municipal and Regional District Tax (British Columbia, 2018b). This initiative has been lauded as a success, with the province receiving \$14 million within the first six months of its implementation in October of 2018 (Larsen, 2019). Along with provincial taxation, individual municipalities have devised their own regulations for STRs. Vancouver’s regulations, for example, have been in effect since 2018 and require that STRs may only be operated from the hosts’ primary residence along with a business license from the municipality (City of Vancouver, n.d.). Vancouver estimates that within the first 18 months of these regulations being in effect, some 510 STR units were returned to the long-term rental market (City of Vancouver, 2021). Other major cities across Canada have implemented similar regulations, consisting mostly of licensing requirements, including Ottawa (Ottawa, n.d.), Calgary (Calgary, n.d.), and Victoria (City of Victoria, n.d.). While there are increasing regulatory responses to STRs across Canada, there remains a significant gap in academic research examining their actual effectiveness.

## 3.0 Methods

### 3.1 Research design

Given the limited literature focusing specifically on housing in small communities, this research is an exploratory study designed to identify current housing challenges and the potential contributions of public policy and community housing in addressing them. To address these goals in the context of small towns in the interior of BC, this research employed a mixed methods comparative case study approach. The case study approach is useful when trying to develop an understanding of complex social phenomena (Halkias et al., 2022), and in instances when it is necessary to consider contextual conditions that are relevant to the phenomenon being studied (Baxter & Jack, 2008). In Nelson and Kaslo, understanding contextual issues – including municipal policy, as well as their broader economic transitions towards tourism – is crucial to both understanding the driving factors behind the housing challenges they are facing, and to move towards ameliorating these challenges. Additionally, employing multiple case studies allows for the comparison of differing cases (Baxter & Jack, 2008), and for the development of “connections between diverse geographical phenomena taking place at different scales” (Gómez-Martín et al., 2021, p. 144). The comparative case study approach is especially important in the context of rural housing research, where there is a “need for comparative approaches that look beyond efforts to homogenise ruralities in the research design, focusing instead on local context and culture in the production of housing-related social phenomena” (Gkartzios & Ziebarth, 2016, p. 496).

Case studies are frequently evaluated using a variety of data sources and levels of analysis (Halkias et al., 2022), where each data source acts as “one piece of the ‘puzzle,’ with each piece contributing to the researcher’s understanding of the whole phenomenon” (Baxter & Jack, 2008, p. 554). Methods used in this study were a descriptive policy analysis, key informant interviews, and descriptive quantitative analysis of STR markets. Mixed methods have been described as the ‘third research paradigm’ alongside quantitative and qualitative methods (Johnson & Onwuegbuzie, 2004), in that they “integrate or mix [those] methods of data collection and analysis to address the research problem more fully” (Plano Clark & Ivankova, 2017,

p. 6). Utilizing a combination of methods can provide corroborating or complementary evidence in order to expand understanding of the phenomenon being examined (Johnson & Onwuegbuzie, 2004; Plano Clark & Ivankova, 2017). Additionally, mixed methods are useful when “one method alone is insufficient to address the study’s research problem and purpose, and a combination of quantitative and qualitative methods will result in a better understanding” (Plano Clark & Ivankova, 2017, p. 83). Within the context of this study, the three complementary methods of data collection and analysis enable the development of a more holistic understanding of the complex contexts and challenges that the case study communities are experiencing. Each method will now be discussed in turn.

### **3.2 Descriptive policy analysis**

The first method used in this research was an analysis of policies relevant to housing from all three levels of government. The review of relevant documents, including policies, is an important part of interview-based research, as it enables the researcher to corroborate or refute interview data (Yanow, 2007). This research adopted the descriptive policy analysis approach, which entails “the historical analysis of past policies or the evaluation of a new policy as it is implemented” (Patton, Sawicki, & Clark, 2016, p. 22). This approach provided the necessary structure to characterize the existing regulatory frameworks and processes, as well as the extent of jurisdictional power, for each case study community.

Determining what counts as housing policy is complex as housing is “global, national and local in its reach” (Clapham, 2018, p. 164). The unique context of Canadian federalism exemplifies this argument, as all three levels of government have some responsibility for housing, and “are all continually making decisions to take, or not to take, certain actions” (Hulchanski, 2006, p. 229) for housing. While the general notion of responsibility is widely accepted, there are longstanding disputes over the distribution of jurisdiction among governments (Hulchanski, 2006), giving way to a highly fragmented housing system across the country (Pomeroy, 2017). The descriptive analysis of relevant policies follows and respects this tripartite structure of governance, while also situating the case study communities within this complex context.

### 3.2.1 Data collection and analysis

The criteria for inclusion in this analysis included policies that had direct relevance to housing – in the form of STR or land use regulations, for example – which allowed for the incorporation of a diverse array of relevant documents. This was particularly important for the case of Kaslo, as the community did not have a housing strategy. *On the municipal scale*, the selection of policies was largely guided by each community’s official community plan (OCP)<sup>3</sup>, and for the case of Nelson, their affordable housing strategy. Each community’s bylaws for land use and zoning, as well as their STR regulations, were also reviewed. *On the provincial scale*, the analysis was guided by the provincial housing strategy and its associated policies and initiatives. Additionally, infrastructure-related initiatives were also reviewed, given their importance in developing housing in rural communities. In analyzing provincial documents, special attention was paid to specific mentions of rural housing, rural communities, or Nelson or Kaslo specifically. *On the federal scale*, policies and initiatives were selected based on a search for references to rural communities or housing challenges, or if they were directly relevant to the case study communities. A total of 21 policies, documents, and initiatives was included in the policy analysis, as summarized in Table 3.1.

**Table 3.1**

***Overview of Policies Included in Policy Analysis***

<b>Municipal</b>		<b>Provincial</b>	<b>Federal</b>
Nelson	Kaslo	British Columbia	Canada
OCP 2013	OCP 2022	<i>Homes for B.C. 2018</i>	<i>National Housing Strategy 2017</i>
Affordable Housing Report 2018	Affordable Housing Strategy and Action Plan 2011*	<i>Homes for People 2023</i>	<i>National Housing Strategy Act 2019</i>

<sup>3</sup> As outlined in the *Local Government Act*, OCPs serve to set an overall, long-term vision for the community. Although they are voluntary, they typically outline the community’s land use management and long-term development plans, and contribute to their resilience and sustainability (British Columbia, n.d.b).

<i>Affordable Housing Policy 2018</i>	Corporate Strategic Plan 2021	<i>Housing Supply Act 2022</i>	National Housing Co-Investment Fund 2017
Zoning Bylaw 2021	Land Use Bylaw 2020	Growing Communities Fund 2023	Seed Funding Program 2017
Fees and Charges Bylaw 2023	Fees and Charges Bylaw 2021		Housing Accelerator Fund 2023
Business Licence Bylaw 2018			Rapid Housing Initiative 2020
Off-Street Parking and Landscape Bylaw 2022			Investing in Canada Plan 2016

\* By Kaslo Housing Society

### 3.3 Key informant interviews

The second method employed in this research entailed key informant interviews with detailed knowledge of housing markets and housing needs in and around Kaslo and Nelson, through their professional and/or advocacy roles. Key informant interviews capitalize on individuals’ special knowledge on a particular subject and “allow for discovery and exploration when little is known about a topic of interest” (Jones Taylor & Blake, 2015, p. 153); this made them especially appropriate for this research given the limited extant literature on housing affordability challenges in small communities in BC. Paired with the descriptive policy analysis and STR analysis, the key informant interviews offer a series of in-depth insights into housing challenges, and potential solutions, in the case study communities.

Interviews were semi-structured, which ensured that the conversations stayed on-topic “while still allowing flexibility for participants to bring their own personality and perspective to the discussion” (Barrett & Twycross, 2018, p. 63). This structure was additionally beneficial in that participants were able to direct the conversations to reveal ideas and concepts that may not have been considered in the extant literature, and that were not revealed in the policy and STR analyses of this research. While the concepts discussed by participants often overlapped, their different roles around the housing sector (ranging from realtors to

provincial government elected representatives) also offered diverse, and occasionally conflicting, perspectives on housing.

Because of the participants' varied areas of expertise, four different sets of tailored questions were developed to guide the interviews: one set each for community housing organization representatives, tenancy advocates, local government, and real estate agents. While specific questions were prepared for each group, in practice, interviews were of a conversational nature and did not closely follow the exact order of questioning as outlined. Additionally, some participants had particular expertise in very specific areas – such as one participant who had led the design of the STR bylaw in Nelson – so some conversations were largely focused on such relevant experiences.

### **3.3.1 Participant selection**

Participants were recruited through three main avenues: my own pre-existing connections within the communities (especially Kaslo), by suggestions from other participants and contacts, and through searching relevant government, community housing organization, and real estate agency websites. All potential participants were contacted via email with a brief overview of the project, as well as an explanation of how their particular knowledge would be relevant to the research project overall.

When participants agreed to participate, they were sent a letter of initial contact detailing further information on the research, as well as an informed consent form. Both of these documents were approved and mandated for use by the Research Ethics Board (REB) at the University of Alberta (see section 3.3.2). Interviews began to be held in-person and virtually in June 2022; however, due to a very limited response rate from potential participants starting around July, recruitment was postponed for the summer and restarted in September, continuing until the end of October. The latter phase of interviews was conducted over the telephone and Zoom, as I was unable to remain in the Kaslo and Nelson area at that time. However, even with the option of in-person interviews, participants generally found virtual interviews easier to fit in to their busy schedules.

A total of 20 interviews with 21 participants were conducted, including one interview with two participants. As detailed in Table 3.2, four participants brought regional expertise, ten had expertise on Nelson, and seven on Kaslo. However, as the case study communities are very interconnected, many participants spoke of both communities and the region more broadly. Participants worked in diverse sectors and included elected government officials, municipal government employees, community housing and non-profit organization representatives, real estate agents, and local tenant advocates. Although the participants were contacted based on their association with particular organizations, several indicated that they were speaking in their personal capacity and not as official representatives of their respective organization. This should be kept in mind when interpreting the results of this study.

**Table 3.2**

*Overview of Participants*

<b>Participant</b>	<b>Area of Expertise</b>	<b>Role</b>	<b>Community</b>
Brittney Anderson	Government	Member of Legislative Assembly (MLA), Nelson-Creston	Regional
Sebastien Arcand	Government	Director of Development Services	Nelson
James Barbeiro	Tenant advocacy	Nelson Tenants Union	Nelson
Erika Bird	Community housing/non-profit	Chair, Kaslo Housing Society	Kaslo
Jordan Bonin	Real estate	Realtor	Regional
John Dooley	Government	Mayor	Nelson
Cheryl Dowden	Community housing/non-profit	Executive Director, ANKORS; Co-Chair, Nelson Committee on Homelessness	Nelson
Kevin Flaherty	Community housing/non-profit	Director, Kaslo Housing Society	Kaslo
Wayne Germaine	Real estate	Realtor	Nelson

Ann Harvey	Community housing/non-profit	Community Coordinator, Nelson CARES (former)	Nelson
Suzan Hewat	Government	Mayor	Kaslo
Stephanie Johnson	Government	Planner, Regional District Central Kootenay	Regional
Jean-Marc LaFlamme	Community housing/non-profit	NHS, Innovative Housing Solutions	Kaslo
Molly Leathwood	Government	Councillor	Kaslo
Mike McIndoe	Community housing/non-profit	Acting President, SHARE Housing Initiative	Nelson
Kul Nijjar	Real estate	Realtor	Kaslo
Elaine Pura	Community housing/non-profit	Executive Director, Habitat for Humanity Southeast BC	Regional
Cal Renwick	Government	Councillor	Nelson
Sam Novak	Tenant advocacy	Kaslo Tenants Union	Kaslo
Alex Thumm	Government	City Planner (former)	Nelson
Jesse Woodward	Government	Councillor	Nelson

*Note.* Some participants' roles have changed since the interviews were conducted; the roles outlined above detail their position at the time of their interview.

### 3.3.2 Research ethics

The four sets of questions, letter of initial contact, and the informed consent form (see Appendices) were submitted for ethical review to the REB, and approval was granted on March 22, 2022. An ethical issue associated with this research was the confidentiality of participation for key informants. Specifically, the small sizes of the case study communities meant that it was possible – and perhaps likely, in the case of Kaslo – that people with local knowledge could identify participants based on their comments and even generic descriptions of their roles. Disguising the communities themselves (i.e., by assigning them pseudonyms) would potentially have mitigated this risk, but was not possible or desirable given the need

to quote local policy documents, to engage with specific local issues, and to generate knowledge and recommendations specific to Kaslo and Nelson. As such, the informed consent form emphasized that participants could not be guaranteed full confidentiality (see Coffelt, 2017), and asked participants to waive their right to confidentiality and agree to have their name, community, and occupation (as relevant to housing) shared in this research. Alternatively, they were offered the option to be assigned a pseudonym, with the understanding that there was a possibility that they could be identified based on the content of their answers. One participant chose to be assigned a pseudonym.

### **3.3.3 Data collection and analysis**

Interviews began with an opportunity for participants to ask any questions about the research, and with confirmation that they understood the informed consent process. After this brief discussion on their rights within the research process, participants were asked permission to audio-record the conversation, which was done using my phone (for face-to-face interviews), the built-in recording function (for Zoom interviews), or my computer's recording app (for phone interviews); one participant chose not to be recorded. Most interviews were 45 minutes to one hour long, with a few concluding earlier due to participants' limited availability.

All interviews were initially transcribed by Otter AI, an online transcription service. In order to ensure accuracy of the transcriptions, the automatically generated text was then compared to the recordings and edited as needed. The completed transcripts were then uploaded to NVivo 14 for thematic analysis. The interview data was analyzed using the triadic thematic coding method as outlined by Williams and Moser (2019). This involved three distinct stages of coding: open, axial, and selective. However, the overall process was iterative and cyclical, so that the “integrated essence of the thematic material [could] be identified and categorized” (Williams & Moser, 2019, p. 51).

The process began with open coding, which involved the detailed reading through of each transcript and organizing similar concepts, ideas, phrases, and words into broad thematic domains. The process was

guided by the ‘5W-1H’ questions: who, what, where, why, why, and how (Williams & Moser, 2019). As similarities between concepts began to emerge, excerpts from the interviews were used to inform newly-formed codes. Because each code was identified from the data itself, each code “earn[ed] its way into the analysis” (Thornberg & Charmaz, 2017, p. 7). At this stage, codes were standalone representations of individual ideas and concepts. This method allowed for the construction of meaning from collected data using an inductive approach (Williams & Moser, 2019), which was important due to the exploratory nature of this study, as it was not designed with a pre-existing conceptual lens through which the data had to be interpreted.

The analysis then moved to the axial coding stage, which “further refines, aligns, and categorizes the themes” (Williams & Moser, 2019, p. 50). First, each code was revisited and individually examined to ensure that it accurately represented emergent concepts from the data, and edited as needed. Once codes were confirmed to be cohesive and accurate, the relationships between individual codes were explored (Larossa, 2005). This was guided by the Six Cs model, which “encourages categorization using provided key perspectives for further organizing and categorizing data through ‘causes, contexts, contingencies, consequences, covariance, and conditions’” (Williams & Moser, 2019, p. 51).

The third and final stage was selective coding, which allowed the selection and integration “of categories of organized data from axial coding in cohesive and meaning-filled expressions” (Williams & Moser, 2019, p. 52). It began with the organization of the data into broad thematic categories in order to allow the emergence of a narrative that is “lucid, understandable, and hopefully compelling” (Larossa, 2005, p. 850). This stage allowed the creation of a cohesive summation of the entire coding process, and allowed for the construction of new meaning. This stage was used to inform the narrative detailed in Section 4.2.

### **3.4 Descriptive quantitative analysis**

The third method employed was a longitudinal quantitative analysis using descriptive statistics in order to provide an understanding of the nature of STR markets in the case study communities. The data were

organized into two distinct time spans: the most recent year (February 2022 to January 2023), and the previous five years (February 2018 to January 2023). The primary data source for STR data was AirDNA, a web-scraping service that draws data from Airbnb and VRBO, the most popular STR platforms. AirDNA is the most commonly used source of STR data (Combs et al., 2020; Wachsmuth et al., 2017), and has been found to have good coverage by Statistics Canada, representing up to 91% of STRs across the country in 2018 (Bernard & Vipond, 2023). Other data sources included the 2016 and 2021 Censuses, CMHC’s Rental Market Survey (RMS), Airbnb itself, the NCOH Annual Report Card on Homelessness, the Rental Housing Index, and Facebook. Where possible, the data included in the analysis were confirmed to fall within the boundaries (as outlined by the Census subdivisions) of each case study municipality. The data from AirDNA followed these boundaries, with other data (such as Facebook rental listings) manually checked where possible. The aforementioned sources were used to calculate and compile a selection of variables (Table 3.3) that have been found to influence the nature of STR markets and their effects on local long-term housing (see Combs et al., 2020; Gurran et al., 2018; Wachsmuth et al., 2017).

**Table 3.3**

***Summary of STR Analysis Variables***

<b>Characteristics of listings</b>	<b>Market fluctuations</b>	<b>Finances</b>
Listing type	Number of active listings	Average daily rates
Platform	Occupancy rates	Average revenues
Proportion of full-time listings	Booking demand	Comparison with long-term
Host commercialization		

**3.4.1 Estimates of average rent**

Obtaining reliable data for estimates of average rent in Kaslo proved challenging. The CMHC’s RMS does not collect data on communities with a population below 10,000, which means there is no way to determine definitively the average rent for Kaslo. Instead, average rents were calculated from four sources to provide

an illustrative idea of average rents. The first source was the 14<sup>th</sup> Annual Report Card on Homelessness by the Nelson Committee on Homelessness (NCOH), which compiled rental data from local rental postings in April and May of 2022. However, in the case of Kaslo, this source only had data for individual room rentals (excluded from this study) and two-bedroom units. For Nelson, this report had a much more comprehensive snapshot, with data ranging from individual room rentals to 4+ bedroom units.

The second source was a comprehensive search of community Facebook groups (two for Kaslo, one for Nelson), from which average rents were calculated by number of bedrooms. For Kaslo, these listings were relatively infrequent, so listings as far back as 2019 had to be included in the search. A total of ten listings were found, including seven one-bedrooms, one two-bedroom, and two three-bedroom units. It appears that information about rentals in Kaslo is often shared by word-of-mouth, which adds further difficulty to determining market rental rates for the community. Rental advertisements were much more frequent in Nelson, so listings from September 2022 to March 2023 were included in the search. Out of a total of 34 listings, 14 were for one-bedrooms, eleven were for two-bedrooms, and nine were for three-bedrooms.

Data from the RMS were used to provide estimates for the third source of average rents in Nelson, as it has a population of over 10,000. However, it “targets only privately initiated structures with at least 3 rental units” (CMHC, 2022a, n.p.), which means that any secondary suite or full house rentals were omitted from this data. In 2016, Nelson had 500 primary rental units, and 1385 secondary rental units (RDCK, 2020a), indicating that this data does not provide an accurate snapshot of the broader rental market in Nelson. This issue likely extends to other smaller communities that tend to have fewer multi-unit buildings, and are instead primarily made up of single-detached homes.

The final source of rental data used for Kaslo was the Rental Housing Index. Although this data came from a reputable source, it is a combination of rental data for the broader Regional District of Central Kootenay (RDCK), which means it may be skewed due to potential lower costs of rentals that are located outside of municipalities. Additionally, these values are measures of total shelter costs, which include the

costs of heat, water, and electricity. These estimates tended to be lower than those from other sources, but were included due to the difficulty of obtaining any data at all for Kaslo.

### **3.4.2 Commercialization**

The prevalence of commercialized operators of STRs can provide an indication of the STR market's impacts on local long-term markets (Gómez-Martín et al., 2021; Wachsmuth et al., 2017). While AirDNA provides a list of 'Top Property Managers' in communities with large STR markets (mostly large urban centres, but even smaller communities like Tofino), Kaslo and Nelson's markets were too small to yield this data. As such, the degree of commercialization in these communities had to be estimated manually. To do so, host profiles on Airbnb were examined for an indication of their place of residence, either under the 'lives in' field, or in their short biographies (Gómez-Martín et al., 2021). The search was conducted in February 2023, using parameters of a weeklong stay in July 2023 for each community; all of the available listings were examined for Kaslo, and a sample of listings was examined for Nelson. It was not possible to examine the entirety of available listings for Nelson due to limits imposed by the platform, as access to host profiles is blocked after a certain number of attempts. The data provided by hosts is self-reported and not verified by the platform. This means that this data may not be up-to-date or accurate; however, where possible, the location listed in the 'lives in' field was cross-referenced with the host's short personal biography.

### **3.5 Positionality**

The researcher's positionality is an important consideration in research, with specific relevance to mixed method case study approaches. In mixed methods studies, personal contexts directly influence many of the decisions made throughout the process (Plano Clark & Ivankova, 2017), while in case studies, a key aspect of the approach "is the researcher's *deep immersion* in the phenomenon" (Halkias et al., 2022, p. 16, emphasis in original). Embodying the position of 'insider researcher,' Hodkinson (2005) argues, can allow the researcher to establish more easily a sense of rapport with interview participants, and a non-academic familiarity with the subject matter (ranging from understanding social norms, language, or even local

knowledge) can allow for an easier flow of information from interview participants. Additionally, non-insider researchers may find themselves heavily relying on ‘key informants’ who could be sharing unrepresentative or misleading accounts of their experience; an insider researcher who is familiar with the context may be able to “examine the accounts they receive from respondents in the context of their own history of experiences and interactions [which] may enhance their ability to judge the sincerity, motivations, applicability, and significance of what they are told” (Hodkinson, 2005, p. 144).

While this thesis is not an ethnography, it has been guided by my personal connections to the case study communities. I am part of the fifth generation of my family to have resided in Kaslo, and have a wide network of friends and family there. However, I was also born and partially raised in Prague, Czech Republic. With one parent located in Prague, and the other in Kaslo, my childhood was divided between these two very different homes. As such, I feel like both an insider and outsider in both communities; I have local connections within each community, and an inherent understanding of the social norms and local knowledge there, but at the same time I have never completely felt at home in either. Hodkinson (2005) asserts that one can simultaneously hold an insider and outsider status, as personal identities are highly complex and made up of features that can bring a researcher both closer to and further from their research at the same time. This description resonates with my own experience.

My existing connection to Kaslo, and by extension Nelson (as part of the wider Kootenay region), is what motivated me to propose and then carry out this research. I know several people from Kaslo who have experienced some form of hidden homelessness (from being forced to live in trailers, to couch surfing), and have been privy to many conversations around the community lamenting the dire state of the housing crisis throughout the entire region. I have watched the gradual erosion of local businesses serving full-time local residents, and their replacement with new businesses catering to tourist tastes, forcing residents to drive to Nelson to access these services.

My time working on this research has been divided between Edmonton and Kaslo, and I believe that my being in Kaslo has enabled me to reach a deeper layer of understanding guiding this research. Kaslo

is a small town, and sometimes that means that it is impossible to make a quick stop at the grocery store, for example – the sidewalks along Front Street are often dotted with small groups of local residents stopping to talk to one another. My existing connections to the community granted me access to these snippets of community connection and discourse, and have enabled me to have many informal conversations about my research with a variety of local residents. Housing is something that we all experience, and many of my informal conversations with locals have yielded a diverse array of experiences, thoughts, and criticisms of the current state of housing in Kaslo and Nelson. While my analysis was guided by formal methods and data collection, these informal conversations helped to inspire this research and guide its conduct.

However, insider research has also been subject to criticisms. A degree of ‘critical distance’ from the research is needed in order for one to avoid echoing a one-dimensional, subjective perspective of the phenomenon being researched (Bennett, 2002). As such, the insider researcher “must learn to utilise their personal experience selectively, without being confined to it” (Hodkinson, 2005, p. 145). Dividing my time between Kaslo and Edmonton has allowed me to be attentive to this potential pitfall; maintaining that degree of separation has enabled me to take advantage of my familiarity with the local context, while also considering Kaslo and Nelson within much wider regional, provincial, and national contexts. Additionally, as Hodkinson (2005) cautions, the products of insider research “should always be regarded as constructions rather than revelations” (pp. 141-142), and represent just one angle of the ‘insider view’ amid a multiplicity of others. Although I aimed to incorporate a variety of perspectives in my interviews, the selection of participants and the conversations I had with them were guided by my own status as an insider researcher to the case study communities, and represent just one way of seeing the truth.

## 4.0 Results

### 4.1 Policy review

The housing situations in Kaslo and Nelson are shaped by a combination of municipal, provincial, and federal policies and initiatives. Municipal policies primarily rely on measures related to land use and zoning, as well as the limiting of STR activity. The government of BC is taking decisive action to address housing in the province, with recent announcements of a provincial housing strategy, regulatory measures, and a number of funding initiatives. Lastly, guided by the NHS, the federal government is addressing housing through major investments in expanding supply across the country. Importantly, neither provincial nor federal policies are specifically attentive to rural communities. Nonetheless, the recent community housing developments in both Nelson and Kaslo received funding from initiatives from all three levels of government, as outlined in Table 4.1.

**Table 4.1**

#### *Funding Sources for Community Housing in Kaslo and Nelson*

	<b>Kaslo Housing Society</b>	<b>Nelson CARES</b>		<b>SHARE Housing Initiative</b>
	Penny Lane Apartments	Lakeside Place	Hall Street Place	Herridge Place
Municipal	\$324,000 (land equity) <sup>a</sup>	\$22,164 (Affordable Housing Reserve Fund) <sup>b</sup>	\$26,866 (Affordable Housing Reserve Fund) <sup>b</sup>	\$18,134 (Affordable Housing Reserve Fund) <sup>b</sup>
Provincial	\$1.05 million (Community Housing Fund) \$93,000 (annually, operating costs) <sup>a</sup>	\$6.6 million (BC Housing) <sup>c</sup>	\$4.5 million (Community Housing Fund) <sup>d</sup>	~ 10 million (BC Housing) <sup>b</sup>

Federal	\$686,000 (National Housing Co-Investment Fund)	Unknown (seed funding) <sup>c</sup>		
	\$21,000 (seed funding) <sup>a</sup>			
Other	\$304,500 (Columbia Basin Trust) <sup>a</sup>	\$200,000 (Columbia Basin Trust)	\$542,400 (Columbia Basin Trust) <sup>d</sup>	\$21,000 (Columbia Basin Trust seed funding) <sup>e</sup>
		\$220,000 + land equity (Nelson CARES) <sup>c</sup>		

<sup>a</sup>CMHC (2023b). <sup>b</sup>Metcalf (2019). <sup>c</sup>Nelson CARES (n.d.b). <sup>d</sup>British Columbia (2019). <sup>e</sup>SHARE Housing Initiative (n.d.).

*Note.* This overview may not cover all sources of funding.

#### 4.1.1 Municipal policies: Nelson

The City of Nelson is well aware of the challenges that residents are experiencing with housing, and has employed a number of initiatives in an effort to address these challenges. At the time of writing (Summer 2023), Nelson had just embarked on the process of updating their Official Community Plan (OCP), which is expected to be completed in 2025 (Official Community Plan Update Process, n.d.). Its 2013 OCP, which remains operative, identified several key housing challenges: a ‘landlord’s market’ made up primarily of secondary suites with few purpose-built rentals; questionable quality and safety of secondary suites; an aging population; and a lack of diverse housing types. The 2013 OCP also outlines the City’s intentions to address these challenges, mostly focusing on supporting the construction of community housing, encouraging the development of purpose-built rental housing, and increasing density through infill and secondary suites.<sup>4</sup>

<sup>4</sup> City of Nelson, revised by-law No. 3247, 2013, *Official Community Plan Bylaw* (7 September 2021).

Additionally, the City’s actions on housing are guided by a municipal housing strategy, which spans three primary documents: the initial 2010 *Affordable Housing Strategy*, a 2014 Housing Strategies Update, and finally a 2018 Affordable Housing Report. Building on the 2010 *Strategy*, the 2014 Strategy Update continued to emphasize the importance of purpose-built rental housing in Nelson, namely prioritizing increasing the supply of both market and non-market rental housing options. The 2018 Affordable Housing Report (AHR) provides the most recent update on the status of affordable housing policy in Nelson, including progress made since the 2014 Update. This includes a reduction in minimum lot sizes and an increase in density in all residential areas through new zoning regulations and utility fee reductions; mandatory suite-ready development in residential zones; a 75% reduction in water and sanitation fees for long-term rental suites; and encouraging the inclusion of affordable units in multi-unit developments. Measures that had not yet been implemented included the development of a bylaw to enforce minimum standards of maintenance for long-term rental units; the development of family-, youth-, and senior-friendly housing policies; requiring accessible units in all new multi-residential developments; and using underutilized City-owned buildings and land for affordable housing (City of Nelson, 2018). The AHR also outlines a number of actions that are beyond the City’s jurisdiction, such as improving access to rent supplements from higher orders of government, advocating for increased supports for people with additional needs, and educating landlords “about the value of keeping their suites on the rental market” (City of Nelson, 2018, p. 7).

As part of the Affordable Housing Strategy, the City also has an Affordable Housing Reserve Fund, which is intended to support the development of affordable housing in Nelson, and can be used for reducing capital costs of construction, purchasing of land, hiring of staff to conduct housing-related research, and to cover the costs of housing-related tax breaks. The Fund is made up of voluntary contributions provided by market housing developers, donations from the public, and contributions allocated by City council.<sup>5</sup> While information regarding the Fund’s use is limited, in 2019 60% of its balance was used to contribute to the

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<sup>5</sup> City of Nelson, policy No. 5040.00.005, *Affordable Housing Policy* (4 September 2018).

three most recent community housing developments in Nelson, all of which are now operational: two developments by Nelson CARES, which received \$22,164 and \$26,866 respectively, and one development by SHARE Housing Initiative, which received \$18,134. At the time, the contributions were criticized for amounting to a very small part of the total costs of these developments; for example, SHARE Housing Initiative's building cost \$10 million in total (Metcalf, 2019).

Since 2017, Nelson has also been taking action to regulate short-term rental activity in the city, including requirements for hosts to hold business licenses, limitations on the number of licenses allocated, and spatial restrictions, all of which are actively enforced (Metcalf, 2017). Specifically, Nelson amended its existing zoning bylaw to create two regulations: one for Tourist Accommodation, applicable to commercial zones, and one for Short-Term Rentals, applicable to residential and mixed-use zones.<sup>6</sup> For STRs designated as Tourist Accommodation, operators are required to obtain a regular business license, along with paying annual fees of \$160 for up to six guest rooms or suites, or \$625 for more than seven.<sup>7</sup> STRs located in residential or mixed-use zones, which have the highest likelihood of taking long-term rentals off the market, are subject to stricter regulations. For example, they are required to be located at the same address as the host's primary residence; attached secondary suites are eligible, but laneway homes are not. Hosts are also required to hold a STR-specific business license, which can be valid for a period of one year, four months, or 31 days. The licensing fees vary according to the duration of the license and characteristics of the STR, ranging from \$200 per year for a single guest room to \$800 per year for a full guest suite.<sup>7</sup> There are limited numbers of the annual and four-month licenses available, with 110 and 40 respectively allocated annually, but no limits on the 31-day licenses. Hosts are also restricted from obtaining multiples of the shorter-term licenses. Licenses are granted on a first-come-first-served basis, with a maximum of three allowed per city block.<sup>8</sup> Finally, hosts are required to provide off-street parking for guests; this varies depending on the category of license, with one-year licenses requiring two spaces, and

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<sup>6</sup> City of Nelson, revised by-law No. 3199, 2013, *Zoning Bylaw* (7 September 2021).

<sup>7</sup> City of Nelson, revised by-law No. 3092, 2008, *Fees and Charges Bylaw* (20 January 2023).

<sup>8</sup> City of Nelson, revised by-law No. 3347, 2016, *Business Licence Bylaw* (22 October 2018).

licenses for less than six months requiring one space.<sup>9</sup> While municipal tax rates do not differentiate between private and STR-related usage of a residential property (City of Nelson, 2022), STR bookings are charged an 8% Provincial Sales Tax (PST) (British Columbia, 2022), as well as a Municipal and Regional District Tax (MRDT), which is 2% for this region (British Columbia, n.d.c).

Hosts who do not comply with these regulations can be fined \$500 per day (City of Nelson, n.d.a). The City actively enforces these regulations with the help of Host Compliance (Metcalf, 2022), an online platform that compiles STR data, monitors their compliance with local bylaws, and offers consulting services to assist with implementation (Granicus, n.d.). In July of 2022, the City reported collecting \$62,794 in licensing fees across 79 total operators (59 of which were annual), the funds from which were then reinvested in enforcement efforts and related administration (Metcalf, 2022). In an effort to ensure transparency, the City of Nelson offers an interactive map of active, licensed STRs, which displayed 68 properties in March 2023 (City of Nelson, n.d.b). This number is lower than the 121 active listings for Nelson shown on the Airbnb website at this time, however, the difference can be explained (at least in part) by the fact that this map only shows what the city classifies as STRs in residential zones, as “a short-term vacation rental within a commercial zone... is not considered a ‘short-term rental’ in the City of Nelson” (City of Nelson, n.d.a, n.p.).

#### **4.1.2 Municipal policies: Kaslo**

The Kaslo Housing Society released an Affordable Housing Strategy and Action Plan in 2011, which already identified tourism-driven housing cost increases as a key barrier to housing affordability in the community. The strategy concludes with five strategic actions to improve housing affordability in Kaslo: raise awareness about the need for greater housing affordability in the community; foster and encourage partnerships between local stakeholders; encourage the municipal government to establish housing-related policies such as inclusionary zoning; investigate creating a housing corporation; and encourage the

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<sup>9</sup> City of Nelson, revised by-law No. 3274, 2013, *Off-Street Parking and Landscape Bylaw* (9 August 2022).

development of new affordable housing. However, the strategy has not been updated since 2011, and was not an official municipal document (Kaslo Housing Society, 2011).

Although the Village of Kaslo does not have an active affordable housing strategy, housing is mentioned in a number of municipal documents. The Village completed an updated OCP in late 2022, which was guided by nine key themes; the top theme identified by residents was ‘housing and future growth’. In the new OCP, the Village committed to encouraging the development of seniors’ and affordable housing; developing an affordable housing strategy in partnership with the Kaslo Housing Society and other organizations; considering providing municipally-owned land for the development of affordable housing; encouraging infill and densification; and expanding the sewer system in order to allow for densification.<sup>10</sup> A key action that the Village has taken in recent years was allowing secondary suites and laneway homes in single-family dwellings located within the primary residential zone.<sup>11</sup> Crucially, in its *Corporate Strategic Plan*, the Village stresses that it has an “urgent need for additional management capacity at the Village Office,” and that it “continues to be reliant on grant funding to remain sustainable due to the limited local tax base” (Village of Kaslo, 2021, p. 9). Overall, the Village is likely constrained in the actions that it can take in addressing housing affordability, and is reliant on groups like the Kaslo Housing Society to deliver results.

Kaslo also has a number of STR regulations, which were added to the Land Use bylaw in 2018. In the 2022 OCP, the Village also committed to regulate and limit STR activity further in order to preserve long-term rentals in the community, however they do not specify how this will be achieved.<sup>11</sup> Similar to Nelson, Kaslo also has two definitions of STRs, which are also differentiated by zoning: in residential zones, they are Short-Term Rentals, while in commercial zones they fall under Transient Accommodation, which also includes traditional accommodations like hotels.<sup>11</sup> Overall, Kaslo’s regulations are less stringent than those of Nelson. There are no STR-specific licenses required in Kaslo; instead, all STRs are required

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<sup>10</sup> Village of Kaslo, by-law No. 1280, *Official Community Plan Bylaw* (9 September, 2022).

<sup>11</sup> Village of Kaslo, by-law No. 1130, *Land Use Bylaw* (28 January, 2020).

to obtain a regular annual business license (Village of Kaslo, n.d.a). The fee to operate STRs in Kaslo is \$60 per rentable bedroom, plus additional surcharges on water and sewer fees (though only a small part of the village is serviced by sewer).<sup>12</sup> STRs can only be operated for a maximum of 180 days per year and must be on the host’s primary residence (Village of Kaslo, n.d.a), and they require a minimum of two parking spaces.<sup>13</sup> Second home owners are not able to operate STRs in residential zones, but they are permitted to do so in commercial zones (Village of Kaslo, n.d.a). STRs in Kaslo are also subject to the same taxation as those in Nelson, including the 8% PST and 2% MRDT.

Because of Kaslo’s weaker engagement with STRs, there is little information about the effectiveness of these regulations. However, the Village’s online business directory, which lists all businesses that hold a municipal license, had 13 licensed businesses under the ‘accommodation’ category in March 2023. Of these, five were traditional tourist accommodations including hotels, motels, and traditional B&Bs, and two were trailer parks. The remaining six were likely STRs: four were matched to listings on Airbnb, one was matched to a listing on another STR platform, and one could not be matched (Village of Kaslo, n.d.b). Considering that Kaslo has an average of 24 active STR listings on Airbnb, it appears that only a minority of STR hosts comply with the municipal regulations.

#### **4.1.3 Provincial policies**

In recent years, the British Columbia provincial government has taken a relatively proactive role in trying to ameliorate the housing situation. In 2018, the Province released *Homes for B.C.*, a 10-year, \$7 billion plan (British Columbia, 2023a). The first five years of the plan have seen the implementation of a Speculation and Vacancy Tax, which “helped turn more than 20,000 condos into rental homes for people in Metro Vancouver alone” (British Columbia, 2023b, p. 9). This plan also created the Community Housing Fund, which is an investment of \$1.9 billion to build over 14,000 affordable rental homes for middle- and low-income households across the province (British Columbia, 2020). Both the Kaslo Housing Society’s

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<sup>12</sup> Village of Kaslo, by-law No. 1271, *Fees and Charges Bylaw* (7 December 2021).

<sup>13</sup> Village of Kaslo, by-law No. 1130, *Land Use Bylaw* (28 January, 2020).

Penny Lane Apartments and Nelson CARES’ Hall Street Place housing development were partly funded by the Community Housing Fund (CMHC, 2023b; British Columbia, 2019). In total, the plan asserts that it has facilitated the addition of some 75,000 units of housing to the market (British Columbia, 2023b); however, this figure is disputed, as some of these units are ‘policy created units’ and are attributed to federal financing, changes to secondary suite and strata regulations, and an exaggeration of the impact of the Speculation and Vacancy Tax (Lee, 2023).

In 2023, the Province released *Homes for People*, an updated housing action plan designed to “speed up delivery of new homes, increase the supply of middle-income housing, fight speculation and help those who need it most” (British Columbia, 2023a, n.p.). The plan is projecting the construction of some 108,600 homes by 2028, and is divided into four pillars, outlined in Table 4.2.

**Table 4.2**

*Overview of Key Pillars of Homes for People*

Pillar	Key Points
Unlocking more homes, faster	<ul style="list-style-type: none"> <li>▪ Overriding municipal single-family zoning to allow for up to four units, secondary suites</li> <li>▪ Homeowner incentives to construct secondary suites</li> <li>▪ Speeding up provincial building permitting</li> <li>▪ Prioritizing housing developments near public transportation</li> <li>▪ Addressing labour shortage in construction sector</li> </ul>
Creating better, more affordable homes	<ul style="list-style-type: none"> <li>▪ Expanding supply of community housing through new investments in several funding streams, including Community Housing Fund</li> <li>▪ Expanding supply of student housing</li> <li>▪ Ending age discrimination and ban on rentals in strata housing</li> <li>▪ Supporting community housing organizations to purchase existing rental buildings and co-ops through the Rental Protection Fund</li> <li>▪ Investing into co-ops and building housing in Indigenous communities</li> </ul>

Supporting those with the greatest housing need	<ul style="list-style-type: none"> <li>▪ Renter’s Tax Credit</li> <li>▪ Support for people experiencing homelessness through construction of supportive housing</li> <li>▪ Renovation of existing provincial community housing</li> <li>▪ Investment into the BC Rent Bank to assist renters in temporary financial crisis</li> </ul>
Building a housing market that works for people, not speculators	<ul style="list-style-type: none"> <li>▪ Implementing a tax aimed to discourage house flipping</li> <li>▪ Supporting municipalities in being able to better enforce STR bylaws</li> <li>▪ Improving RTB processes</li> <li>▪ Expansion of the Speculation and Vacancy Tax to more municipalities with high proportions of vacant homes</li> <li>▪ Crack down on money laundering through BC real estate</li> <li>▪ Protect tenants that are displaced by redevelopment</li> </ul>

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*Source:* British Columbia, 2023b.

*Homes for People* was released in early 2023; as such, at the time of writing this thesis it was too soon to evaluate progress on the many aspects of the plan. However, the Province has announced that they will begin by introducing legislation in Fall 2023 to allow up to four units on traditionally single-detached lots, as well as secondary suites in every community across the province. Later in 2024, the Province is planning to provide forgivable loans to cover up to 50% of the cost of adding a secondary suite (The Canadian Press, 2023). Furthermore, the Province is expected to release further details on the planned house flipping tax, better STR regulation enforcement, and the Renter’s Tax Credit later in 2023 (Lee, 2023).

The BC provincial government has also taken action through a number of other measures, such as the *Housing Supply Act 2022*, which allows the Province to establish housing construction targets for specified municipalities, as well as allowing provincial representatives to override municipal governments in order to ensure that these targets are met.<sup>14</sup> In 2021, the Province provided grants to 43 municipal governments to help streamline their development approvals processes in order to support the expansion of

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<sup>14</sup> Bill 43, *Housing Supply Act*, 3<sup>rd</sup> Sess, 42<sup>nd</sup> Parliament, British Columbia, 2022.

housing supply (British Columbia, 2021b); however, Kaslo and Nelson did not receive any of these funds (UBCM, 2022a). Lastly, in 2023 the Province also announced the Growing Communities Fund, a \$1 billion investment distributed to municipalities and regional districts which is intended to support infrastructure projects that allow community growth (British Columbia, 2023c), under which Kaslo received \$919,000, Nelson received \$4,151,000, and the RDCK received \$4,025,000 (British Columbia, 2023d). Although the BC provincial government is taking significant action on housing affordability across the province, it does not have any policies or strategies that are specific to rural places.

#### **4.1.4 Federal policies**

Federal action on housing is guided by the *National Housing Strategy* (NHS) and legislated through the *National Housing Strategy Act 2019*, which, crucially, recognizes housing as a human right in Canada.<sup>15</sup> The NHS, released in 2017, signalled renewed federal interest and investment in housing; however, the word ‘rural’ is mentioned just three times in the Strategy: once in the context of rural and remote Indigenous households, once in the intention to design the Canada Housing Benefit “in a way that reflects local priorities, including those of rural communities” (p. 15), and once in the context of increasing funds going towards the Rural and Remote Homelessness investment stream (Canada, 2017). Additionally, the Rapid Housing Initiative (RHI), intended to facilitate the construction of new affordable housing, reserved half of the total \$1 billion in funding for major cities, with the remaining \$500 million a project-based competition for funding (Trudeau, 2020). This was potentially problematic, given rural communities’ limited resources and capacities. This lack of attention to rural-specific housing needs is indicative of the Strategy’s lack of engagement with the unique housing needs and challenges faced by rural communities.

The goals outlined by the NHS are primarily delivered through a multitude of funding initiatives. Although there were no rural-specific housing funding initiatives announced as part of the NHS, rural communities are eligible to receive funds from these nationwide programmes. One of these is the National

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<sup>15</sup> *National Housing Strategies Act*, S.C. 2019, c. 29, s. 313 (Assented to June 21, 2019).

Housing Co-Investment Fund, which provides low-interest loans or contributions for the construction of new affordable housing or repair of existing affordable housing (CMHC 2022b; 2022c). Importantly, this fund is only available for organizations that have already received funding from another organization or government; this fund helped the construction of the Kaslo Housing Society's Penny Lane Apartments (CMHC, 2023b). Additionally, the federal government operates the Seed Funding Program, which provides loans and contributions to cover the up-front costs associated with planning affordable housing (CMHC, n.d.a). The Kaslo Housing Society also received funds from this program, and Nelson CARES received seed funding for the redevelopment of their Lakeside building (Nelson CARES, n.d.b).

The one federal program that acknowledges rural communities specifically is the Housing Accelerator Fund, which will provide \$4 billion in one-time grants for local governments to invest in affordable housing, housing-related infrastructure, and community-related infrastructure that supports housing, with the overall goal of increasing housing supply across the country. Importantly, this initiative is divided into two streams: one for large urban centres with populations of over 10,000, and one specifically for small, rural, northern, and Indigenous communities (CMHC, 2023c). It builds on the 2016 Investing in Canada Plan, which committed over \$180 billion to improving infrastructure across the country, with a specific Rural and Northern Communities Stream of investment (Canada, n.d.b). Funds from this plan have contributed to wastewater treatment plant improvements, a municipal asset management implementation project, and the preservation of the S.S. Moyie in Kaslo, and a Point-In-Time Count, college campus renewal, and trail infrastructure investments, among others, in Nelson (Canada, n.d.c).

#### **4.2 Key informant interviews**

A total of 21 key informants with knowledge of Kaslo, Nelson, and the broader West Kootenay region participated in interviews for this research. Participants came with a wide range of expertise, and included elected officials, municipal employees, representatives from community housing organizations, tenant advocates, and realtors. This section provides an overview of the insights they shared in interviews,

organized into the rural context and tourism, local housing market dynamics, and municipal, provincial, and federal engagement with housing.

#### **4.2.1 Rural context and tourism**

##### **4.2.1.1 Rural transition**

Both Nelson and Kaslo have historical origins in natural resource extraction, which remains present in the area in the form of forestry. However, this industry has not been immune to the broader economic transition that many rural communities are undergoing, with the closure of several sawmills throughout the region over the past several decades. While the industry remains active, albeit to a lesser degree, it now coexists with tourism to form the economic base of the region. Participants understood the economic importance of tourism for the region, but they were also concerned about maintaining the integrity of their communities:

“I know that [Village council’s] goal is to keep Kaslo a community, not a tourist town. I mean, tourism is a big part of Kaslo, and we welcome the tourism, but they don't want it to be all it is. They're working to try and keep it a community and keep it family oriented.” (Novak, tenant advocate, Kaslo)

“I think it's really important to keep tourism in check, and to not have it become one's defining element. Because [...] you take the sort of extreme examples of similarly sized places like Whistler, or Canmore, where it becomes popular, people buy up housing from out of town, bigger companies start buying up housing, and turning it into tourist accommodations, or turning it into luxury housing. And then once it's built, they'll start marketing it to out of town rich folks. And it quickly spirals into something that brings in money, but then it kills a certain element of the community as well, too.” (Thumm, urban planner, Nelson)

One of the main concerns echoed by participants was the type of jobs created by tourism, which tend to provide lower wages and a high degree of job insecurity, especially in places with large seasonal fluctuations in tourist activity:

“And then you think about people, what jobs do they have here? And mostly, they're just entry level jobs. There's no industry here, there's no nothing that pays anybody anything unless you want to bring your remote job. But then, so somebody who works at the [gas station], I don't know, maybe they're making 15 bucks an hour, but it's part time. I think at the grocery store, they were upping the wages, because they can't find any staff because staff can't afford to live anywhere. It's a huge problem.” (Nijjar, realtor, Kaslo)

“Everybody points to the way it used to be back in the day, when I was growing up here, in Nelson. It was a totally different place, we had all sorts of industry where you get a job in Grade 10 or 11 at the mill, and they were good paying jobs. But that's all gone, and we've created this monster now where people want to be here and come here, and it's expensive to live here.” (Councillor Renwick, Nelson)

This was dubbed by one participant as the “irony of the tourism industry” (Harvey, Nelson CARES, Nelson), as the continued presence of tourism drives up local costs of living, while only providing lower-wage employment opportunities. As such, local workers can no longer afford to live in their communities, and businesses begin to experience labour shortages. This has been observed by participants in both Kaslo and Nelson:

“I think the main issues are, this is a tourist community. So the basic wage is fairly low. And there's many jobs that are in the service industry in restaurants, stores, those kinds of things. And there just isn't the housing to support people making that kind of an income. So subsequently, our restaurants have to close for a couple of days a week, or they can't find staff, which hasn't really happened in the past. But it definitely has happened in the last five years.” (Councillor Leathwood, Kaslo)

“You know, the Chamber [of Commerce] just did a report to Council and that [imbalance between incomes and housing costs] is a huge problem. In terms of moving forward, how are we going to

have a service industry, which is a big part of our town, big part of tourism, and have people be able to do those jobs and work here?” (Councillor Woodward, Nelson)

#### **4.2.1.2 Amenity migration**

An additional dynamic at play within the context of the rural transition is a longstanding trend of amenity migration. Although it was already occurring before the pandemic, the rise of remote work and high desirability of access to the outdoors among lockdowns accelerated the flow of amenity migrants to the region:

“With the pandemic, all of a sudden, people had to work remotely. And so people were taking the opportunity to say, I don't want to live in a city anymore, I don't want to live in my tiny apartment, I want to move back home, or I want to live in a place where I can mountain bike every single day, because I have trails at my backyard. And I think the quality of life that our communities really allow people to live has really increased the pressure.” (MLA Anderson)

“[Before COVID] there was already younger people coming to smaller communities, right? But there wasn't a race to get to a smaller community. It was on people's minds and they were trickling in and stuff. [...] I think that when the pandemic started, there seemed to be all of a sudden this urgency to get out of the city. And I think that drove a lot more people to buying in Nelson, but it was in other places like Creston and Castlegar [too], and all of a sudden, this high demand that they had never seen. So it wasn't just us, it was everywhere. I think the pandemic motivated people to get moving quicker and look to smaller communities.” (Germaine, realtor, Nelson)

Wielding a higher purchasing power than many local residents, the wave of amenity migrants contributed to increasing demand for housing, as well as driving up its costs:

“A lot of people that came to work remotely came from, as an example just off the cuff like Vancouver, Toronto, where they were selling for a million and buying in Nelson at a half a million. So it was good for them, you know, they were sticking some money in their jeans. But as that

happened, it drove up the prices. And now the \$500,000 home is now \$800,000. So that's changed things substantially.” (Mayor Dooley, Nelson)

Several participants were deeply concerned about the lasting impacts of accelerated amenity migration during the pandemic:

“But now we're at a crisis point, where it's going to get even worse. All of a sudden everybody's wanting to [live in rural areas]. It's a totally different era post pandemic, with the crush of people leaving the big city into rural communities and nowhere for them to live.” (LaFlamme, housing innovation, Kaslo)

Realtors spoke of a frenzy to purchase housing in the region during 2021 and early 2022. However, by the time of these interviews in Summer and Fall 2022, the market appeared to be returning to more typical levels:

“And then the common-sense part of it and all practicality was out the window. It became unreasonable. Somebody would offer \$110,000 over, and the house wasn't worth it. And the people that were overpaying by that amount, I don't honestly believe that their house is worth what they paid. [...] I did a search to see how many sales there were in the last 60 days just in Nelson, and there were 13, and the same period last year, during that 60-day period, there were 43.” (Germaine, realtor, Nelson)

“It exploded. Now we are slowing down and we're going back to pre-COVID market. [But during the pandemic], everybody and their dog and their cat and their chicken wanted to move to Kaslo or the Kootenays. Because it was affordable. We had less people.” (Nijjar, realtor, Kaslo)

## 4.2.2 Housing market dynamics

### 4.2.2.1 High costs

Within this broader economic context, Kaslo and Nelson are experiencing significant challenges with housing, namely due to very high prices and a lack of available supply, especially in the long-term rental sector:

“We have high demand, we have low availability, and we also have very high prices. So even what is available is not affordable for people. And I think it was really focused in Nelson for a while, but I don't think there's anywhere in in the region that I represent, and also the neighbouring communities, that aren't feeling this.” (MLA Anderson)

While local workers' incomes have remained relatively stable, the costs of housing have increased significantly, consistent with broad trends in the Canadian housing market:

“I'm walking down the street yesterday. And there's a woman I've known for a few years, I don't know her very well, but I know she's in a [rented] house that has just got on the market. I said ‘hi, what are you going to do when it sells?’ ‘I don't know, I've been there three years, it was the best thing going, I don't know what I'm going to do’. Because she can't afford to buy the house she's living in. And it'll sell for twice what it sold for four years ago, or five years ago. And that's it in a nutshell. And she works. She was also excited enough to tell me about her new job and stuff like this.” (Flaherty, KHS, Kaslo)

“Well, I think that as everybody knows, that's been paying attention to the housing market, the last two years have been unsustainable. You know, any realtor that's good and wanted to be busy, was working seven days a week if they wanted to. I would say that it was the busiest two years of the 35 years that I've been in real estate. So prices were escalating quickly. Competing bids on almost every listing that came out.” (Germaine, realtor, Nelson)

While the high costs of purchasing and renting housing were frequently mentioned, some participants also emphasized the high costs of building, which one urban planner argued were especially high in the Kootenays more broadly:

“When we have a big civic project, big construction project, we hire a cost surveyor to give us a Class C cost estimate, which is usually like, plus or minus 25% accurate. So the cost surveyor will look at your plan, will kind of price out all the materials that's required to build, they will think about all the trades and, you know, they're basically professional estimators, right. And a funny thing is that, while these cost estimators are out in Vancouver, they've noticed that building in the Kootenays has a premium. So usually, their costs are kind of based on mainland type construction, but they'll add 15%, call it the ‘Kootenay Tax’. I don't know why, it's just a bit more expensive to build here.” (Arcand, urban planner, Nelson)

This cost issue has negative impacts on community housing organizations, which are working on multi-year projects on fixed budgets:

“I think the really hard critical piece is just the cost of building. You can't get around that. So everyone's kind of twisting and turning, trying to like, get things built, but the cost of building just keeps climbing. And it's just more and more challenging for BC Housing, and developers, and organizations like Nelson CARES.” (Councillor Woodward, Nelson)

“Like anything else in the last few years, the costs have gone up significantly. Material costs are what they are, right? So it's kind of hard to make things affordable when the materials are really expensive.” (Arcand, urban planner, Nelson)

#### **4.2.2.2 Lack of supply**

Both Kaslo and Nelson were experiencing high demand for housing, especially long-term rentals, with limited supply. Nelson has had a near-zero vacancy rate for an extended period of time, and although this

data is not collected for Kaslo, it is likely comparable. As such, renters face fierce competition when trying to secure housing:

“Well, I mean, it wasn't always this way. I owned rentals throughout the 90s and part of 2000s. And you'd advertise the place for rent, and you might have six or seven people come and hopefully one of them was suitable, but it wasn't a landlord's market. And now I hear people say that they offer a place for rent, and they get 70 people contacting them, or 100, and it's been bad where people have come and offered a cash bonus to the landlord, you know, ‘rent to me and I'll give you an extra 500 bucks.’ So it's fierce competition among tenants. But as far as inventory goes, it's just the amount of people that have come to Nelson that need to rent is a lot higher than it has been in the past.”  
(Germaine, realtor, Nelson)

“For rentals, it seems like as soon as something comes up that nobody even advertises it, it gets snatched up right away. There was somebody in town that had rented brand new, two bed, two bath apartments for like \$2,000. And locals did freak out about it. But they're all rented.” (Nijjar, realtor, Kaslo)

One of the consequences of extreme pressure in the rental sector is homelessness, whether seasonal or full time, hidden or absolute. Participants remarked that it is becoming more commonplace for people to experience homelessness in the area:

“I know a guy who came as, I think he was a manager of mental health and substance use a few years ago, and he lived in his camper. And he finally had to leave the job because it became winter and he couldn't find a place to live.” (Dowden, ANKORS, Nelson)

“I know two women who are single mothers who have been living in trailers all summer, because they just simply couldn't find a place to live. One sold their home. And the other one, the house they were renting, sold. And they're both living in trailers. I've seen just so many people displaced this summer. There just basically isn't any housing in Kaslo.” (Novak, tenant advocate, Kaslo)

“The fella that we just rented to, one of the options he was exploring was buying an RV, parking at the sawmill, because that would be one way he could afford to live here. Another one of the residents lived in an RV on Ymir Road, and he didn't have a bathroom for goodness sakes, and he was paying \$500 a month. And this is a guy who works six hours a day, often seven days a week for minimum wage. For him a unit like he's in now was unbelievable, right? He's just so happy to be there. So from a global point of view, there simply isn't enough housing.” (McIndoe, SHARE Housing, Nelson)

Some residents, when faced with the possibility of homelessness, may eventually be forced to move further away from employment and services, or out of the region altogether:

“These are small towns. So there's not like scads of other rentals lying around, or even other places to buy. And the consequence of that, then, is you can't live here. And a consequence is [higher transportation cost burden], because you're forced to live further away from where you might work. And all of those kinds of time costs and transportation costs, all that puts you on the outside. And eventually you don't stick around because you may have to make other choices.” (Flaherty, KHS, Kaslo)

#### **4.2.2.3 Long-term rentals**

Many participants suggested that shortages of long-term rentals in the area were linked, in part, to a broad climate of fear among landlords, who felt that their interests and properties were not adequately protected by the Residential Tenancy Act (RTA). This was seen to disincentivize providing long-term rental housing:

“The rental regulations in British Columbia are very, very slanted towards the renter. Consequently, the private sector is very reluctant to get involved in the rental market. And people that have homes that they were renting, as the regulations ramped up on if you had a tenant that wasn't abiding by what you believe were the proper protocols, [it became] very difficult to remove them from your property.” (Mayor Dooley, Nelson)

“And the other part about it is the Residential Tenancy Act. If you rent your property, you have no rights to it anymore. So why is that? Who in their right mind wants to rent?” (Nijjar, realtor, Kaslo)

However, although both landlords and tenants recognized the potential for problematic actors on both sides, local tenancy advocates disagreed with the landlords’ sentiment:

“I would bite that quite hard. I think that it's not really true. We found statistics at Rent Strike Bargain that showed that the Residential Tenancy Branch sided with tenants 13% of the time in arbitration, which is an absurdly low percentage. And I think that despite the RTA, landlords can still get away with all sorts of illegal evictions or renoventions and stuff and still come out on top.” (Barbeiro, tenant advocate, Nelson)

In addition, renters in these communities found themselves woven into tight-knit social networks with very little anonymity. As such, their chances of securing housing were reliant on their reputation and contacts within the community, which could be jeopardized if they were seen to kick up a fuss:

“It’s super hard to get tenants engaged and like, even just like organizing with tenants’ unions, because they're afraid of reprisals, right? Where, if their name is associated with the tenants’ union, they'll never be able to find housing again. That they are labeled as a troublemaker, and that they can't find anything, and it's something that I'm afraid of, because I've been very vocal about housing. And as I look around, I'm like, oh, no, if you search up my name, I'm all over the tenants’ union stuff. And what landlord will actively take that up? Not many. So it lowers your chances to get housing.” (Barbeiro, tenant advocate, Nelson)

“Imagine that you're a tenant, and you rent. So I'm your landlord, you rent from me. And I mean, we could go totally small town thing and say it's a personal conflict we have, or you do something that I don't like, well, it's going to be a lot harder then for you, because that word is going to go out. Or if I'm a shitty landlord, that word will go out faster. Do you know what I mean? And that will have an impact. I do know of a couple of people that have been tenants and for whatever reason, it

wasn't a very good relationship between them and their landlord. I think probably it was valid, but they had a hard time finding another place to live, because nobody wants to be in that situation. And it's small enough of a town that you get to know those kinds of things, right?" (Nijjar, realtor Kaslo)

In Kaslo, municipal bylaws are not actively enforced, meaning that the Village will only take action after receiving complaints from residents. However, due to the lack of personal anonymity, if a renter complains, they risk jeopardizing their chances of securing housing in the community:

"All the bylaw enforcement in Kaslo is complaint driven. So usually the people that need a place to stay aren't going to complain, whether it's to the municipality or whether it's to the Residential Tenancy Branch." (Flaherty, KHS, Kaslo)

"Our bylaws are complaint driven. So if somebody complains, then we will act on it. But we don't have the capacity to go out and look and see what's happening. [...] I mean, in an ideal world, we would have a bylaw officer who, that is their job to find those things, but it would cost too much money and would really not be a job somebody in Kaslo would like to have. They'd be the most hated person in Kaslo." (Councillor Leathwood, Kaslo)

#### **4.2.2.4 Tourism and supply of housing**

With owners reluctant to enter the long-term rental market as landlords, they saw STRs as a safer and more profitable alternative, exempt from the RTA. Speaking to his work in creating the STR bylaw in Nelson, one participant argued that STRs are an appealing option within the current context:

"We also heard from quite a few people who were renting out, say, an entire basement suite on Airbnb who had stopped doing long-term rentals because they had negative experiences. And it's too bad that they had negative experiences with long-term tenants. But it can happen. And [...] it would mean that they would just leave the place empty, maybe incorporate the basement suite into their main home, something like that, or do Airbnb. (Thumm, urban planner, Nelson)

Another participant, who operated a STR unit in Nelson, emphasized the important role that STRs have come to play in the local economy:

“People think that well, you've got that room, you should rent it out to those that really need it, that are employed here and are having a hard time to find a place to stay. And I understand that, but on the other hand, we are contributing to our tourism base. Because the people that come here are all people that are coming from the great beyond and bringing fresh tax dollars in here. So I look at it that way and say, well, we are doing a good thing and that we're contributing that way.” (Councillor Renwick, Nelson)

Although STRs do contribute to the local tourism economy, other participants highlighted the impacts they have had on the long-term rental market:

“The short-term rentals, they'll put money in some parts of the community, but they also drain a lot too. But they really just shrink the availability of affordable housing, in like huge ways. And I hear that story every day, every day, over and over.” (Flaherty, KHS, Kaslo)

“I think there's a place for vacation housing, and Airbnbs, and I have friends who are homeowners and who have bought a second house as an investment and renting it out as an Airbnb. I get their side of it, they have the equity and ability in their life to do that, and why should they not be able to do that? Right? It's just, how is that taking away from people in the community? [...] I don't care if there's Airbnbs in my town, as long as there's enough affordable housing for people who need to live there.” (Novak, tenant advocate, Kaslo)

The proliferation of tourism also brought an increase in second home ownership, which also contributed to shrinking the supply of rental housing, especially in Kaslo. Second home owners are generally content to leave their houses unoccupied throughout most of the year, and may be deterred from making them available as rentals by the fear of problematic tenancies:

“I think Kaslo has been discovered now, so people have bought houses who don't live here all year round. They've bought houses for retirement properties or so they can come in the summer. So there are empty houses that people just come and spend maybe a couple of months a year, or basically are waiting till they retire.” (Councillor Leathwood, Kaslo)

“It's been a few years since our housing needs assessment was done last, but we've got a lot of homes, I'm thinking in the 25% to 30% range, that are owned by non resident owners, and a lot of them are afraid of putting their properties in the rental pool because there could be abuses. And they know that people could just stay in there and not pay their rent. So that's a great issue because they're not made part of the housing stock that's available for people to rent, or people to buy.” (Mayor Hewat, Kaslo)

This phenomenon also appears to be occurring to a lesser degree in Nelson:

“I don't think there's much of a problem with people buying very large single-family homes and leaving them empty most of the time, within city limits at least. However, it's more of an accessible luxury for people to buy an apartment, to buy a condo, or that kind of thing and have that as sort of a second property that they use occasionally. But it's a reality in all kinds of tourism destinations, Whistler, Nelson, Kelowna, where people want to have that pied-à-terre in another community. And yeah, it's definitely a shame. It might not be the biggest single factor in Nelson's housing situation. But it's certainly hard to digest when you have people who are desperately looking for housing and you have empty housing.” (Thumm, urban planner, Nelson)

### **4.2.3 Community housing**

Operating within this local context of significant housing challenges, community housing organizations have been working hard to create affordable housing in their communities. However, with limited direct government involvement (see Sections 4.2.4 – 4.2.6), these organizations are facing high pressure as the crisis worsens:

“Well, Nelson CARES [has] an absolutely huge role in managing all the social housing and everything like that. I think that's really critical. And actually, they don't have enough capacity to expand much more and take on the number of housing projects that, if Nelson got funding for, there will need to be someone managing that. And logically, that would be Nelson CARES or similar, but they're really at capacity.” (Thumm, urban planner, Nelson)

“We're such a small team, we're all working very long hours, I have incredible volunteers that are working very long hours just getting done right now, what we're trying to get done and have already committed to. [...] But we would like to do more, and we've been challenged by some, you need to be doing much more. But it doesn't just happen like that.” (Pura, Habitat for Humanity Southeast BC)

While the largest housing provider in Nelson, Nelson CARES, has paid staff members dedicated to providing housing and services, smaller organizations like the Kaslo Housing Society and SHARE Housing Initiative in Nelson are run by passionate volunteers who do incredible work:

“There's no stipends. There's no nothing. There's no remuneration, other than I had a 35-year-old man burst into tears when I offered him a suite today and he said, ‘I was thinking I was going to have to leave Nelson.’ I mean, to me, that's worth more than getting paid. It's pretty incredible.” (McIndoe, SHARE Housing, Nelson)

However, small community housing organizations often lack the skills and knowledge needed to navigate the complexities of developing housing and accessing funding. This proves to be a significant disadvantage, as they must compete for funding with expert-staffed organizations, often located in larger urban centres:

“I'd love to see Kaslo have 50 new units, they could use them. Look at New Denver and Silverton and Nakusp. All of our small communities could use those units. But they're behind the eight ball because they don't have people on the ground that, you know, they have people with a lot of emotion and passion to want to do something but not the experience.” (Mayor Dooley, Nelson)

“We don’t have a lot of depth in our membership resources, we don’t have experience. This is a small town. There’s ambition, but not necessarily commensurate skill sets and resources, and all of us are volunteers.” (Flaherty, KHS, Kaslo)

One solution for this discrepancy is by partnering with a non-profit consulting firm, as the Kaslo Housing Society has done:

“We’ve got the New Commons Development's Small Communities Initiative. They've allowed us to overcome a huge obstacle that most rural communities face, and that is the ability to survive numerous failures at trying to get your goals met. And the history of most of these organizations, little ones, is that you try, there's no money or you can't get it done, and people burn out. So we're trying to institutionalize our resources a little bit. And they have allowed us to do that because they brought the skills and the patience and money to the table and they did not need to be paid upfront.” (Flaherty, KHS, Kaslo)

Another barrier that community housing organizations are facing in these communities is deeply-established stigma and NIMBYism surrounding community housing, which has led to some residents opposing its development:

“There have been times that have been really frustrating, I think, for not-for-profit organizations. You know, they've come forward to municipal government and said, ‘BC Housing has these projects, they've got money, just pick up the phone and call them.’ And then, you get hit with NIMBYism around, ‘well, if we build it, then they'll come. They'll just put people on the bus from Vancouver’. But I think there's a little bit more understanding that actually all communities are dealing with this, our region is dealing with this, and that we have to work together on these issues.” (Dowden, ANKORS, Nelson)

The stigmatization of community housing is especially problematic in small communities like Kaslo, where close social networks are the norm:

“You know, I think it tends to get identified differently, rurally, because of the size and the familiarity people tend to have with each other. So they have knowledge, and they tend to individualize and stigmatize people who can't afford housing. Whereas in the cities, it's just more anonymous, and the numbers are just sheer numbers, so you're less likely to know the individuals and less likely to ascribe individual behavior to their lack of housing, in kind of shorthand.”  
(Flaherty, KHS, Kaslo)

While the term ‘affordable housing’ has generated some negative reactions from local residents, community housing organizations have received more favourable reactions to projects marketed as ‘workforce housing’. In an effort to avoid this stigma, the term emphasizes community housing’s role in providing housing for local workers, which benefits local businesses and the community more broadly:

“There was talk about just calling it affordable housing. And I think there's sort of preconceived notions about what that means to people. And I think optically, folks were happier with workforce housing, housing to hopefully support people who are working in the service industry, in town.”  
(Johnson, urban planner, RDCK)

#### **4.2.4 Municipal government engagement**

Participants felt that municipal governments and community housing organizations found themselves at the front lines of the housing crisis, despite a broader belief that housing should be the responsibility of higher orders of government:

“I actually resent having to do the job that I think the government should be doing. It's too much for volunteers [...] in BC, they assume volunteer societies will pop up and take care of things. They'll fund them when you've asked. But it's not in the mindset, out here, that this is really [provincial] government responsibility.” (Bird, KHS, Kaslo)

“I really feel like municipalities are sort of on their own. There's that kind of high-level strategizing that comes out of higher-level governments from time to time. But then the strategy is to usually

build more housing and to make it cheaper, but no, we certainly didn't have any help for that.”

(Thumm, urban planner, Nelson)

#### **4.2.4.1 Nelson**

The City of Nelson is well aware of the housing challenges faced by residents of the community, and at the time of these interviews was beginning a partnership with a consultant to see what more they could do, including potentially forming a municipal housing authority:

“So we're going to work with this consultant. And first task will be to identify best practice, so we kind of know who's doing it and we kind of understand the models. But we want a consultant to take a deeper dive and see kind of behind the scenes. What's worked in Whistler, what's worked in Canmore, what's working in Tofino? I know some other municipalities are initiating the conversation such as Squamish, and they're going with a different model. And based on those existing models, what would probably work best for Nelson, and also explore who the players are in Nelson in terms of non-market housing.” (Arcand, urban planner, Nelson)

The City has also been proactive in encouraging secondary suites and laneway houses through permissive zoning, as well as breaks in utility fees for densified housing:

“We made it easier for people to subdivide their property, so we created more density. As an example, we made it easier for people to develop secondary suites, laneway housing. We made it easier for housing societies to be able to develop larger projects, like when I say large project for the city of Nelson, you know, up to 100-unit buildings and so forth. And we've had a substantial ramp up. There were three categories: laneway housing, rental conversion of suites and homes, and subsidized market and social housing in our community. We're very, very robust in all of those areas. So we've been on that for a number of years. It's not new to us.” (Mayor Dooley, Nelson)

However, some participants were concerned that the high costs of building legally-conforming secondary suites have limited this policy's effectiveness in creating greater density in the city:

“It's not an affordable venture. I can't speak for Vancouver, but Nelson in the last couple of years, like it's not economically rational to build a laneway house for long-term rental, like, you'll just never make your money back. Some people did it. And that's great. But it's not the case. [...] I think there would be a lot that could be done still for incentivizing more for secondary units on properties at the provincial scale, through property tax incentives, for example, to actually not just tolerate but really to create an incentive.” (Thumm, urban planner, Nelson)

In addition, some participants believed that the city could be doing more; one participant found that the municipal government's support of Nelson CARES during her time there was lukewarm, mentioning that it was a “tough slog to try to convince the city that it could act” (Harvey, Nelson CARES, Nelson). Others echoed this sentiment, while also recognizing the diverse array of responsibilities that the government juggled:

“The politicians want to provide more housing in Nelson. They have a heart to provide more affordable housing in Nelson. But the Nelson politicians also have crumbling infrastructure. They have all kinds of issues with water mains and streets, and parking and snow removal, and everything else; it's an expensive city to run. So while they were really excited early on, because we were in this game before Nelson CARES was with their two units, and all kinds of promises were made, they didn't follow through on [them]. Our feeling at the end of the day, is that the city didn't give us the support that they had promised. [...] And I think the reality is that they could always do more, they would like to do more.” (McIndoe, SHARE Housing, Nelson)

“It's a huge undertaking to create a whole development arm for a city, and it's also risky. But there are some levers that the city can pull, like not charging for hookups to the water mains, tax breaks, breaks on purchasing of land, there are ways to help. But at the end of the day, you have to remember cities are cities, the money cities use is taxpayer money. And we have to be very, very careful of how you do that. Getting into the housing development business is high risk.” (Councillor Woodward, Nelson)

#### 4.2.4.2 Kaslo

Similar to Nelson, the municipal government in Kaslo has also utilized permissive zoning to encourage densification, while also working to expand the reach of the municipal sewer system. However, the vast majority of properties in the village are on individual septic systems, which are subject to stringent provincial regulations on density; this drives up the costs of building new units in Kaslo, whether through subdivision of existing properties (i.e., infill) or the addition of secondary suites:

“Well, there's a lot of the stuff that's already been in there for a long time, people are just now realizing that it's there, because in our last OCP [Official Community Plan], which was done in 2011, we had the ability for people to have carriage homes or secondary homes on their property if their septic systems would allow. And it's just now that housing has become such an issue that people are saying, ‘well, why doesn't the Village allow this?’ Well, we have allowed it, for many years, and a few people have taken advantage, but not many. And adding the expansion for the sewer, that has allowed a few properties that are larger on those two extra streets to subdivide their properties, and provide an extra lot to put another home on. So that's been very beneficial. But of course, it's a small community, we don't have sewer all through the community. So we can't do it everywhere.” (Mayor Hewat, Kaslo)

“They've changed our single-family residences that are zoned single family, they can do laneway and carriage houses and stuff. On our street, we now have the sewer in the back, so I could connect to the sewer, and put a little house or little cabin or whatever, right? Because septic limits us. But for me to connect to the sewer, it was \$10,000. And it's like there is zero incentive for me to do any of that kind of stuff.” (Nijjar, realtor, Kaslo)

Another way that the Village has contributed to addressing housing in Kaslo is through longstanding cooperation with the Kaslo Housing Society, mostly through offers of land on which community housing

could be developed. However, board members from the Kaslo Housing Society thought the Village should be doing more, and called for the creation of a housing strategy:

“I feel like the Village should know what Kaslo's needs are and make a plan. They've got a lot of land, like [14-acre parcel]. To me, a strategy would say this area will be for housing, maybe mixed commercial, whatever. And if we sell this lot, we can bring the road this far. And the water this far, if we sell these lots like this, have a plan to develop it. And obviously, you'd have to pay for it as you go. But if you had a plan that everybody had bought into, eventually it'll get done.” (Bird, KHS, Kaslo)

The Village also owns a number of vacant properties around the community, which government representatives argued was being held in the event that a developer would create new housing there:

“There might be somebody who comes along that has deep pockets and is willing to put in the funding to service it and develop it. We didn't want to lose that opportunity by keeping it tied up, especially when we know that [the KHS] had essentially rejected the site as too expensive to develop.” (Mayor Hewat, Kaslo)

However, a number of participants expressed frustration at the government's lack of action in doing anything with this land:

“The Village has always, to my mind, and it's so obvious in some comments by the councillors over the years, that all of this Village land, they're waiting for some developer to come along and buy it. It hasn't ever happened, which makes you think it's not likely to happen. [They have this] dream of Daddy Warbucks coming along and saying, ‘hey, I'll put in 40 houses here, I'll make six of them affordable, how about that?’ They're waiting for that. If it hasn't happened yet, why do you think it's going to happen tomorrow?” (Bird, KHS, Kaslo)

However, the main barrier that the Village faces is a critical lack of resources and capacity. The municipal government was already stretched thin, to the point where they were unable to devote any time or resources

to the issue of housing, underscoring the vital importance of organizations like the Kaslo Housing Society in small communities:

“I’m really pushing hard to get a commitment to starting a strategy. And the Village, their response over the years, because I’ve been pushing this for about three years now, their response to that has always been well, we’ve got enough on our plate, we can’t possibly take on another big research project.” (Bird, KHS, Kaslo)

“We’ve got five staff in the office, and they have different roles. Our Chief Administrative Officer is also our CEO, Chief Executive Officer, and he does all our budgeting, and he’s also our planner. So a lot falls onto a few individuals, whereas larger centres, even somewhere the size of Nelson, they’ve got a staff that’s a lot larger, so they can have planning done in-house, whereas we have to go to outside sources and you pay your \$50,000 to \$100,000 for a study, to apply for a grant. But by the time you apply for your grant, and maybe you’re not successful, so you try another time, but by that time, your quote is too old, or your plan is too old. So you have to start over and then that money is basically down the drain. We just don’t have the financial capacity to do that in a small community, which is really frustrating.” (Mayor Hewat, Kaslo)

“I think it’s important to understand it’s not that we don’t recognize the problems, but in order for the Village to do anything, we have to have the staff, and in order to have the staff we have to have the income, which would mean raising taxes. We try to keep them as low as we can. So pretty well, our taxes cover keeping up the infrastructure.” (Councillor Leathwood, Kaslo)

#### **4.2.4.3 Short-term rentals**

One of the primary ways in which the City of Nelson has intervened in the housing crisis is through the STR bylaw, which has limited the numbers of STR units in residential zones, as well as requiring that they are operated from one’s primary residence. The City aimed to limit STRs’ impacts on the long-term rental market, while also recognizing their important role in providing accommodations in the city:

“So those are the kinds of situations where you want to facilitate short-term rentals cropping up in those kinds of spaces where they would otherwise be unactivated spaces, unused, and then make it really difficult, ideally impossible, for someone to really take an apartment that would otherwise be a long-term unit.” (Thumm, urban planner, Nelson)

Overall, participants lauded the STR bylaws in Nelson as a success:

“Nelson was getting a reputation for actually having enforced the short-term rental regulations and we had 100% compliance, so that’s everyone who was operating. Took about a year and a half or two years to get there. But by 2019, everyone who had a listing up on Airbnb or VRBO had a license, which was not something that most other places had.” (Thumm, urban planner, Nelson)

“I think that's a really important piece of the puzzle, because it's way more lucrative to do short-term rental [than long-term rental]. I think if we wouldn't be on top of it, it would be a big issue, because some people don't want to deal with tenancy rights and all that stuff. And they'll use that as their excuse. Or that's their business, they buy homes, and they run Airbnbs. I think we often have to explain to people why they cannot do what they want to do with the Airbnbs, and they say it's unfair, because they say housing is so expensive and all that. And we're kind of saying that that's the whole point.” (Arcand, urban planner, Nelson)

The Village of Kaslo has also instituted some regulations, albeit less robust, in an effort to limit the impacts of STRs in the community. However, while the Nelson government actively enforces bylaw compliance, the Kaslo government will only investigate bylaw infractions if they receive a complaint, attributed to the Village’s limited capacity. Compliance with their STR regulations is therefore minimal:

“I think that [one reason] we have shortages [of housing] is that there's more Airbnb, and some of them are licensed, and some are non-licensed. So that's an issue that we have on council that many people are renting out their homes for people to come and stay, they make a pretty good dollar, but they're not necessarily following the rules.” (Councillor Leathwood, Kaslo)

“The system in Nelson pays for itself, right? If the penalties are high enough, it'll pay for itself. If it's just a token slap on the wrist, it'll never pay for itself; the administrative headache of it, prosecutions, collecting fines won't do it. You have to have political will. And [the Village] don't.”

(Flaherty, KHS, Kaslo)

#### **4.2.4.4 Infrastructure**

Both Kaslo and Nelson have aging or insufficient infrastructure in need of investment and expansion. In Kaslo, especially, the development of new housing (both private and public) is limited due to the high costs of expanding infrastructure to service unconnected properties:

“This is the mindset of the province when it comes to urban planning: it's infill, infill, infill. Higher density. And it makes sense in a place that has amenities like sewer and water. But in a rural area, if you're going to develop, you need to develop your infrastructure as well. And there's no money for that, because of this push to infill. [...] Like New Denver's [new community housing] building as well, they'll be putting in septic. So their free land is costing more than our free land. Land is never free.” (Bird, KHS, Kaslo)

Specifically, in Kaslo the Village had put aside a large property for the Kaslo Housing Society to develop the 14-acre parcel mentioned above; however, after decades of failed attempts at securing funding, they were forced to choose a smaller serviced lot as the costs of expanding infrastructure to the original property were prohibitive:

“[They] did some more research and decided that the site that had been set aside forever wasn't going to work because the servicing costs were so much because it didn't have sewer, didn't have water, didn't have power. It was a large site. But the costs of getting all those services to that site were prohibitive, and that's not something that a funder will look at. That is seen as being a municipal responsibility. And the municipality just did not have the funding to do that.” (Mayor Hewat, Kaslo)

#### **4.2.4.5 Capacity-building**

Many participants saw partnerships between governments and community housing organizations as an important part of ameliorating the issues of capacity that smaller communities faced:

“But the other thing is, if the expertise is in the bigger communities, the larger centers, why not distribute that experience? In my opinion, that's a no brainer. People in Kaslo, they're going to build 10 units. Well, that's fantastic. But they could build 100 units, the reason they're building 10 units is because they're trying to do it with a society with limited or no experience in delivering product. You don't want to take away their autonomy by any means, but having a regional body that would be that sort of resource, [so] you aren't filling out forms that were being sent back to you because they weren't done properly. We have that experience here in Nelson, as an example they have it in Cranbrook, they have it in Kelowna. And we know from experience working with BC Housing, they love working with us, because we're good at it. And they don't have to redo the forms, they don't have to re-interview us, they know they're going to get the right information immediately.”  
(Mayor Dooley, Nelson)

Two examples of already-existing partnerships in Nelson are the Nelson Committee on Homelessness and the Nelson Housing Committee, which bring together stakeholders from various sectors in efforts to end homelessness and address housing, respectively, in the city. However, broader cooperation between governments and community housing organizations remains limited.

#### **4.2.5 Federal engagement**

Participants had a perception of distance from the federal government, and many were unaware of federal housing initiatives having any direct impacts in their communities. Moreover, some participants felt that federal attention was focused on developments on a much larger scale than what would be feasible in Nelson or Kaslo:

“I don't have a contact at the federal government to talk about affordable housing is kind of the short answer, whereas at least with the Province I do” (Arcand, urban planner, Nelson)

“No, and again, because the Rapid Housing Initiative, you had to have your site already, and larger communities will have had that and they just didn't have the housing to put on it. So yeah, it isn't really felt at the small community level, at least not for us, because we didn't have serviced sites that we were ready to put housing on.” (Mayor Hewat, Kaslo)

An exception to this perception could be seen in Nelson CARES, which is receiving funding from the Reaching Home initiative for their work on homelessness in the community. Additionally, one representative of the Regional District of Central Kootenay was seeing a renewed federal presence in local housing networks:

“We haven't really been working with the federal government until recently, and so we're starting to attend more workshops, connecting with non-profits, working with Columbia Basin Trust just to connect with the right people who have provided us with contacts with CMHC and FCM. And we're right now exploring opportunities to apply for funding to do additional planning work. Before that? We haven't really been working with the federal government; we're obviously very aware of the research and reports that CMHC puts out, and so we stay informed that way. I think both CMHC and FCM are doing a great job now of getting people out into the communities. You know, I've met colleagues and contacts from CMHC and FCM face to face within the last month.” (Johnson, urban planner, RDCK)

#### **4.2.6 Provincial engagement**

Some federal investments in housing require matching funds from provinces, with the resulting initiatives run through provincial agencies. In addition, provincial governments, and BC in particular, are making their own investments in social and affordable housing. BC Housing was mentioned by many participants

as a crucial source of funding and support for all of the community housing development in both communities:

“But in the last five years, they've brought like over 120 units to the city, and high-quality buildings, you know, not crap. And we're talking with them quarterly, just to exchange what's happening and look at opportunities. So I think having BC Housing on board is great.” (Arcand, urban planner, Nelson)

“I believe that politically, we happened to be in the right place at the right time. Because the NDP came into power [provincially], and they made a commitment to affordable housing, and all of a sudden there was money available, which hadn't been available when we started out under the Liberals. And I'm a Liberal, you know, so it was pretty neat to see government actually carrying through on their commitment to affordable housing, and SHARE Housing is an example of it.” (McIndoe, SHARE Housing Nelson)

However, participants who worked in real estate also argued that there was excess government oversight, especially in the construction of housing, which was worsening the crisis:

“With the supply, it's hard to not be political on this, but it's too many gatekeepers, holding how many things you have to go through to be able to get land and resources, and work and all that kind of stuff so that people can actually start building more. We need more new homes, we need new innovations, we need like even tiny homes, we need to allow these types of things to come into our environment, so that there can be a large increase [in supply].” (Bonin, realtor, Nelson)

“This is why I feel actually extremely passionate about affordable housing. Because it's a misnomer. There cannot be affordable housing when we have all of these fees and permits and red tape that people have to deal with. [...] The government likes to push out there that there's no affordable housing, but they're the ones who make it unaffordable.” (Nijjar, realtor, Kaslo)

#### 4.2.6.1 The issue of scale

Evident throughout these interviews was a tension between smaller communities like Nelson and Kaslo, and large urban centres. Participants often mentioned the uphill battle that smaller communities had to face when trying to operate within systems designed for larger urban centres and organizations equipped with in-house expertise, such as when applying for funding:

“It wasn't until we got offered that lot over there, that we were a viable, fundable concept. Because then we were like city people. We had sewer, we had water, electricity. Access was there. So until you are in that place where you're like a city society, it's too much unknown.” (Bird, KHS, Kaslo)

“We have to fight like hell for our small urban and rural communities. Because when the investments come, they come to the large urban centres, we might never get them. Or we might get a fraction. So on the one hand, we're incredibly innovative and creative, we can do a lot with a small amount of money. But often we don't have adequate resources to be able to address the needs.” (Dowden, ANKORS, Nelson)

In addition, participants emphasized that smaller projects in smaller communities also tend to get overlooked in favour of larger projects that would have a larger perceived impact. Furthermore, they felt that funding bodies were more likely to work with organizations that they knew could deliver:

“Politicians that are pushing this agenda of housing from Victoria or from Ottawa, they want to be associated with people that can deliver because they want to get out and get their picture taken by cutting the ribbon on a brand new project, right? They can't wait for Nakusp to deliver 20 units, or 10 units, because they don't know if it's going to happen or not. They fly in and out of Nelson here all the time, because we're cutting ribbons on a regular basis. This stuff's not rocket science. There's the political side, and there's the reality side. And the two go hand in hand in so many ways.” (Mayor Dooley, Nelson)

“They’re competition-based grants, they’re not based on merit. Because it looks better for a higher order of government to say, put their name on 100 units in Nelson or Kelowna, or somewhere like that, say look what we did. And when we’re looking at 10 units here in Kaslo, which one would they want their name associated with? Right? It looks better when they could say we provided all this housing. And it’s getting people to focus more on rural, especially when people are now wanting to be in rural settings.” (Mayor Hewat, Kaslo)

“The tap [of investment] is on when it comes to urban communities, and by the time it gets to us, it’s a trickle” (Dowden, ANKORS, Nelson)

### **4.3 Short-term rental analysis**

Understanding the extent and impacts of STR activity in Nelson and Kaslo is essential to understanding their respective housing markets. This section explores key trends in the STR markets in both communities in the most recent year (February 2022 – January 2023), and over the last five years (February 2018 – January 2023). Factors investigated include seasonality, revenue, and commercialization, as well as a comparison with long-term market rentals.

The COVID-19 pandemic has had profound effects on tourism across the world, including in Kaslo and Nelson. As such, data presented in this section will likely reflect the extraordinary impacts felt with each wave of the pandemic, with the potential for significant skewing of data from the last five years, including some skewing of data from the last year (concentrated in the first few months of 2022). The first case of COVID-19 in British Columbia was reported on January 28<sup>th</sup>, 2020 (Ministry of Health, 2020), and the province declared a state of emergency on March 18<sup>th</sup>, 2020 (COVID-19 Joint Information Centre, 2020). The province then declared a second wave in October 2020 (Ross, 2020), and a third wave in April 2021 (Lindsay, 2021).

### 4.3.1 Kaslo – most recent year (February 2022 – January 2023)

Kaslo’s STR market is relatively small – on average, the community had 24 active listings over the last year. When considered relative to the total number of dwellings (583), STRs in Kaslo made up 4% of housing stock. In February 2023, 92% (22 listings) of active listings were entire homes, while 8% (2 listings) were for private rooms. Of these, 58% of active listings were on Airbnb, 17% were on Vrbo, and 25% were listed on both platforms. However, the number of active listings varied considerably throughout the year, indicating a distinct ‘peak-season’ in the summer, and an ‘off-season’ in winter: in September of 2022, there were 33 active listings, while in March 2022, there were only 17. This seasonality is also reflected in occupancy rates and booking demand (Figures 4.1 and 4.2). Although the median occupancy rate was 66%, this varied considerably, from a low of 40% in January 2022, to a high of 87% in July 2022. Booking demand – measured as average number of nights booked per available listing – also followed this pattern, with 19 nights booked per listing in July 2022, and 9 nights per listing in February 2022, with a year-round mean of 14 nights per listing.

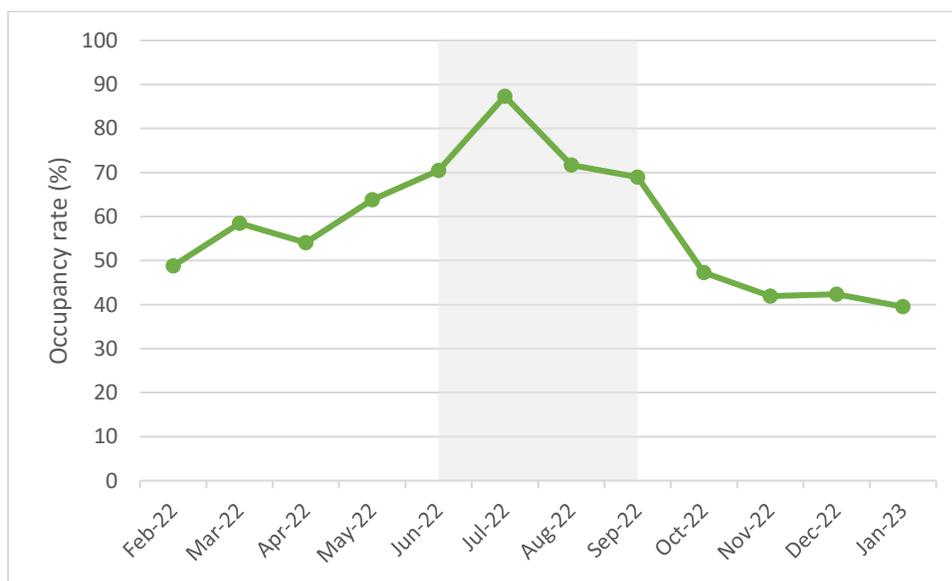


Figure 4.1. Average monthly occupancy rate for Kaslo, February 2022 – January 2023, with summer high season highlighted.

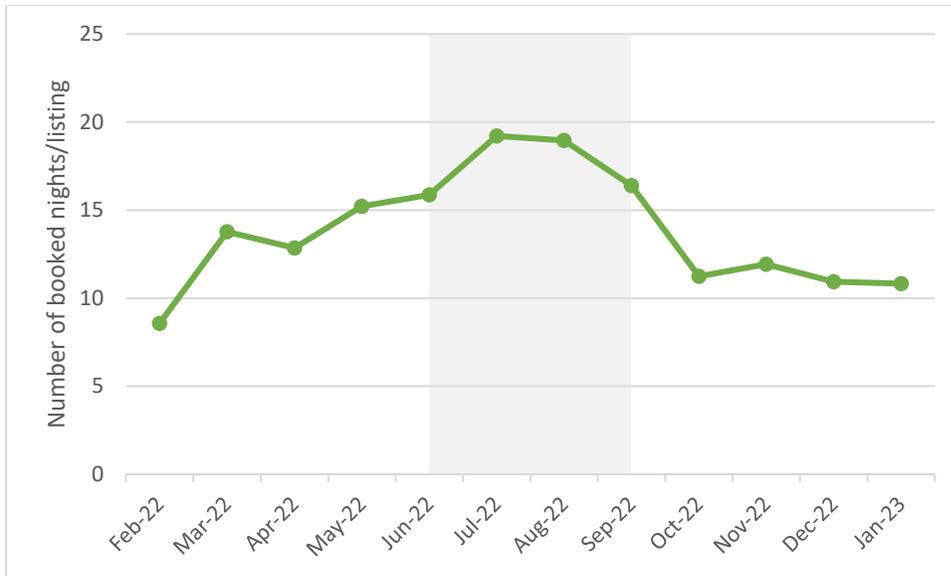


Figure 4.2. Average monthly booking demand for Kaslo, February 2022 - January 2023, with summer high season highlighted.

Table 4.3 highlights the number of STR units in Kaslo that are rented ‘full-time’, which AirDNA defines as those that are available for rent for at least 181 days of the last year. In Kaslo, a total of 35% of listings (13 units) were available full-time, while 14% (4 units) were booked full-time. The most common unit availability and booking category was 1-to-90-days, with 35% of listings (13 units) available, and 65% of listings (24 units) booked. Overall, this means that 2% of housing stock in Kaslo was used as full-time STRs, and an additional 4% of housing stock was used as part-time STRs.

**Table 4.3**

***Proportion of STR Units Available and Booked Full-time, Kaslo, February 2022 – January 2023***

<b>Number of days</b>	<b>Units available (% of total)</b>	<b>Units booked (% of total)</b>
1 – 90	13 (35%)	24 (65%)
91 – 180	11 (30%)	8 (22%)
181 – 270*	7 (19%)	4 (11%)
271 – 365*	6 (16%)	1 (3%)

\*Considered full-time by AirDNA

From February 2022 to January 2023, the top-performing listing in Kaslo earned \$44,400 in annual revenue, with an average daily rate of \$209. Community-wide, the average daily rate was \$161, with the highest average daily rate of \$184 in May 2022, and the lowest of \$141 in February 2022; this represents a 26% difference in annual range. The median monthly revenue per unit in Kaslo was \$1890, with a maximum in August 2022 of \$3353, and a minimum in February 2022 of \$715. Mean monthly revenue was higher, at \$2403, with a maximum in July 2022 of \$3913, and a minimum in February 2022 of \$996 (Figure 4.3).

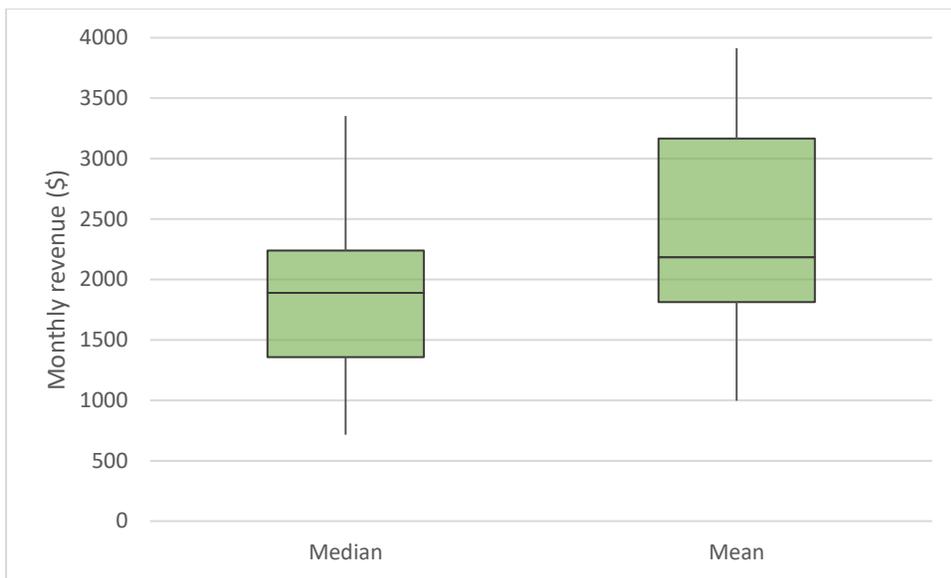


Figure 4.3. Box-and-whisker plots of median and mean monthly revenue in Kaslo, February 2022 - January 2023.

#### 4.3.2 Kaslo – last five years (February 2018 – January 2023)

The average number of active listings in Kaslo over the last five years was 24, consistent with the one-year average. Figure 4.4 highlights the number of active listings over the last five years, peaking at 49 in August 2019, amounting to 8% of total housing stock in Kaslo. The lowest number of active listings in the last five years was 11, in February of 2021, which amounts to a 127% difference between the two extremes. Lower summer peaks in 2020 and 2021 are likely connected to the pandemic. Occupancy rates also indicate pandemic-related oscillations, with a low point of 9% occupancy in April 2020, and a high point of 87% in July 2022. The mean occupancy rate over the past five years was 49%. The mean booking demand was 12 nights per listing; the low point of booking demand was consistent with occupancy rates, with 4 nights

booked per listing in April 2020, however the highest booking demand was in August 2020, with 21 nights per listing (Figure 4.5).

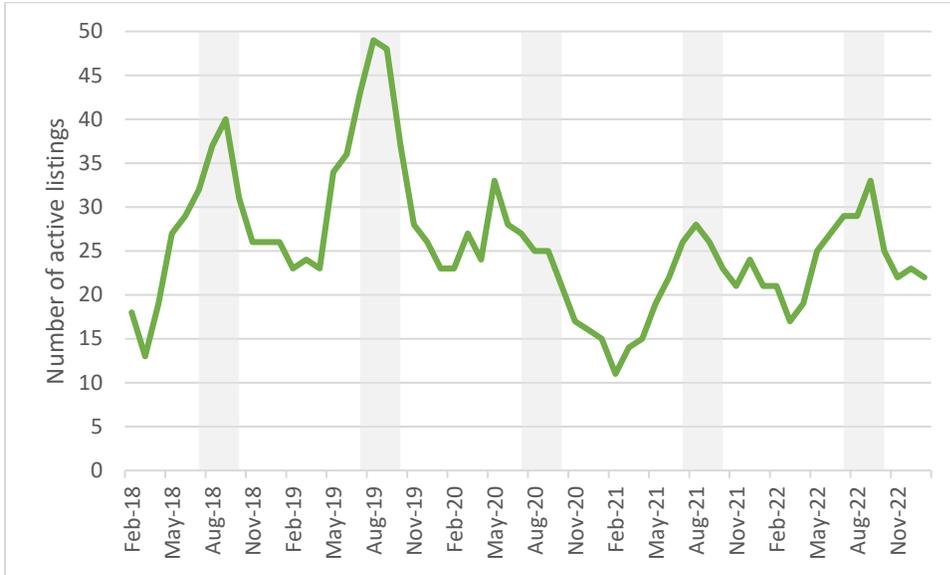


Figure 4.4. Number of active listings in Kaslo, February 2018 – January 2023, with summer high seasons highlighted.

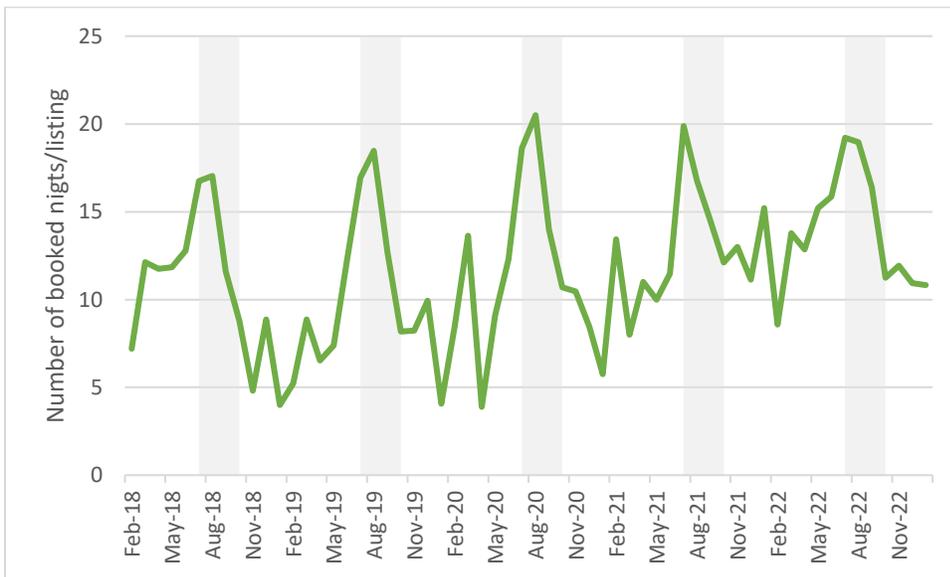


Figure 4.5. Booking demand in Kaslo, February 2018 – January 2023, with summer high seasons highlighted.

The average daily rate for STRs in Kaslo over the last five years was \$151, only \$10 below the one-year average; this value fluctuated throughout the year, but remained stable overall, as indicated in

Figure 4.6. Figure 4.7 shows the median and mean monthly revenues, with large seasonal fluctuations, but a gradual increase over time. The median monthly revenue per unit was \$1389, with a maximum of \$3442 in August 2020, and a minimum of \$274 in January 2020. Mean monthly revenue was higher in the five-year data, at \$1911, with a minimum of \$495, also in January 2020. However, the highest mean revenue of \$3913 occurred in July 2022.

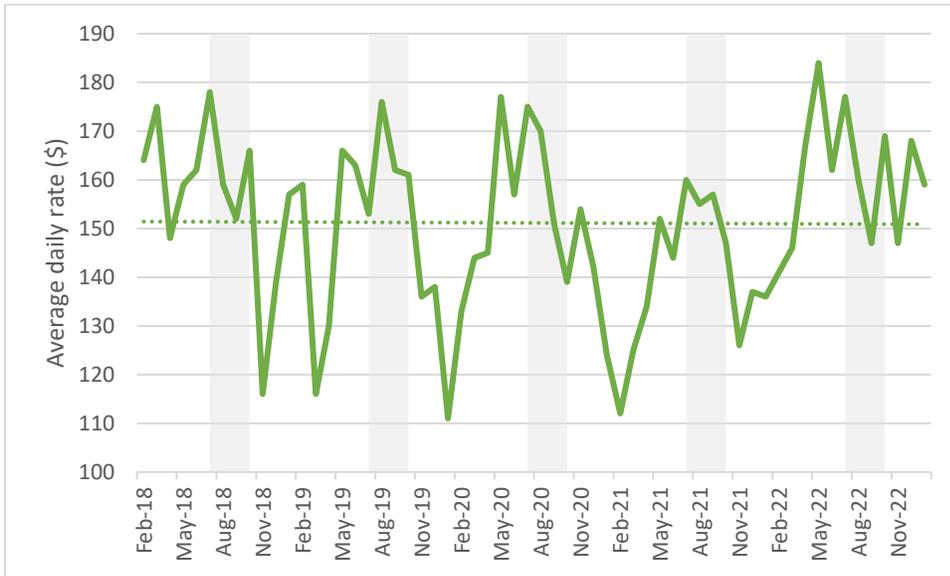


Figure 4.6. Average daily rate for Kaslo, February 2018 - January 2023, with trendline and summer high season highlighted.

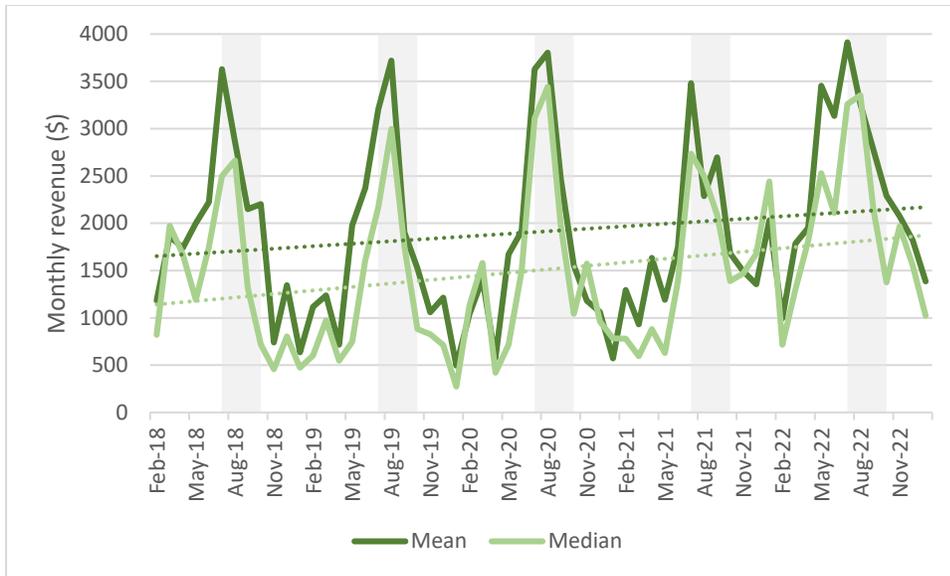


Figure 4.7. Mean and median monthly revenues in Kaslo, February 2018 – January 2023, with trendlines and summer high seasons emphasized.

### 4.3.3 Nelson – most recent year (February 2022 – January 2023)

Over the last year, Nelson has had an average of 150 active listings, making up just under 3% of total housing stock (5314 dwellings). This figure fluctuated throughout the year, with a maximum of 169 active listings in September 2022, and a minimum of 112 in February 2022. In February 2023, 84% (136 listings) of active listings were entire homes, while 14% (23 listings) were private rooms. Of these listings, 68% were on Airbnb, 13% were on Vrbo, and 19% were listed on both platforms. Nelson’s STR industry follows seasonal patterns, but with two lows and two highs throughout the year. Lows occur in the shoulder seasons, when there is insufficient snow for skiing, but too much snow for hiking and mountain biking. Highs occur during the peak conditions for winter and summer recreational activities, respectively. These seasonal highs and lows are reflected in the occupancy rates and booking demand (Figures 4.8 and 4.9). In the last year, mean occupancy rate was 69%, with a peak of 87% in July 2022, and a low of 49% in November 2022. The highest booking demand was in July 2022, with 21 nights booked per listing, while the lowest booking demand was in November 2022, with 11 nights per listing.

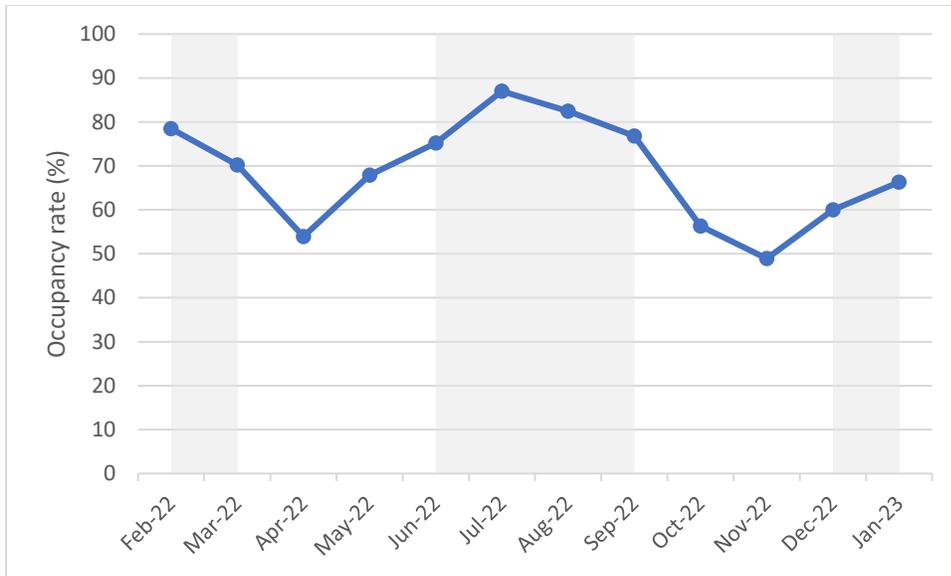


Figure 4.8. Average monthly occupancy rate for Nelson, February 2022 – January 2023, with summer and winter high seasons highlighted.

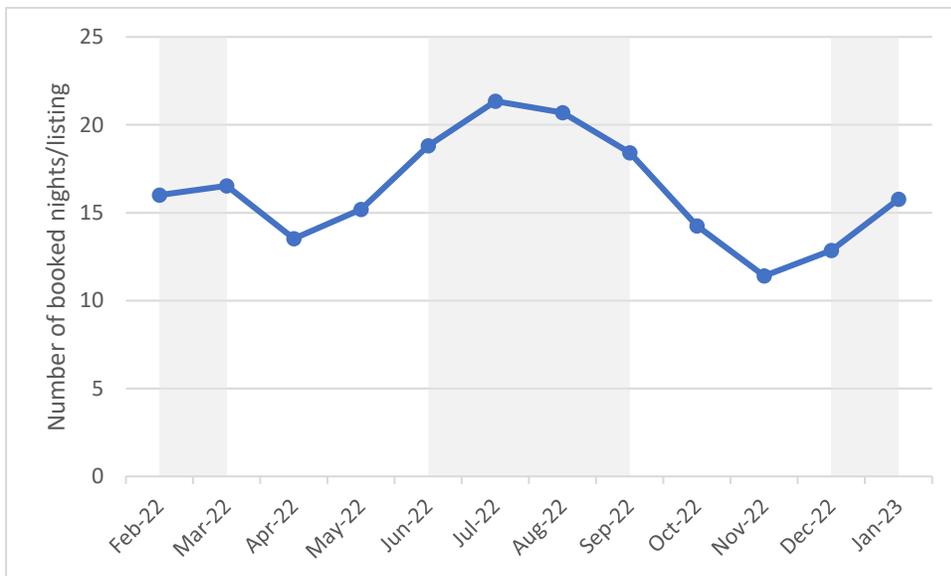


Figure 4.9. Average monthly booking demand for Nelson, February 2022 - January 2023, with summer and winter high seasons highlighted.

The number of units that are considered full-time, or rented for at least 181 days in the last year, are highlighted in Table 4.4. In Nelson, 48% of listings (94 units) were available full-time, while 25% of listings (50 units) were booked full-time. As in Kaslo, the most common category was the 1-to-90-day time period, which accounted for 29% of listings available (57 units), and 39% of listings booked (76 units).

This means that full-time STRs took up just under 2% of total housing stock in Nelson, while another 2% were used as part-time STRs.

**Table 4.4**

*Proportion of STR units available and booked full-time, Nelson, February 2022 – January 2023*

<b>Number of days</b>	<b>Units available (% of total)</b>	<b>Units booked (% of total)</b>
1 – 90	57 (29%)	76 (39%)
91 – 180	45 (23%)	70 (36%)
181 – 270*	45 (23%)	42 (21%)
271 – 365*	49 (25%)	8 (4%)

\* Considered full-time by AirDNA

Between February 2022 and January 2023, the top performing STR property in Nelson earned \$109,600, with an average daily rate of \$425. The average daily rate for Nelson more broadly was \$194, with a low of \$179 in April 2022, and a high of \$212 in December 2022 and January 2023, which is a 33% difference in annual range. The median monthly revenue per unit in Nelson was \$2765, with a maximum of \$4123 in July 2022, and a minimum of \$1613 in November 2022. Although the mean monthly revenue was higher than the median (Figure 4.10), at \$4128, it mirrors the seasonal patterns of the median, with a high of \$5387 in July 2022, and a low of \$2482 in November 2022.

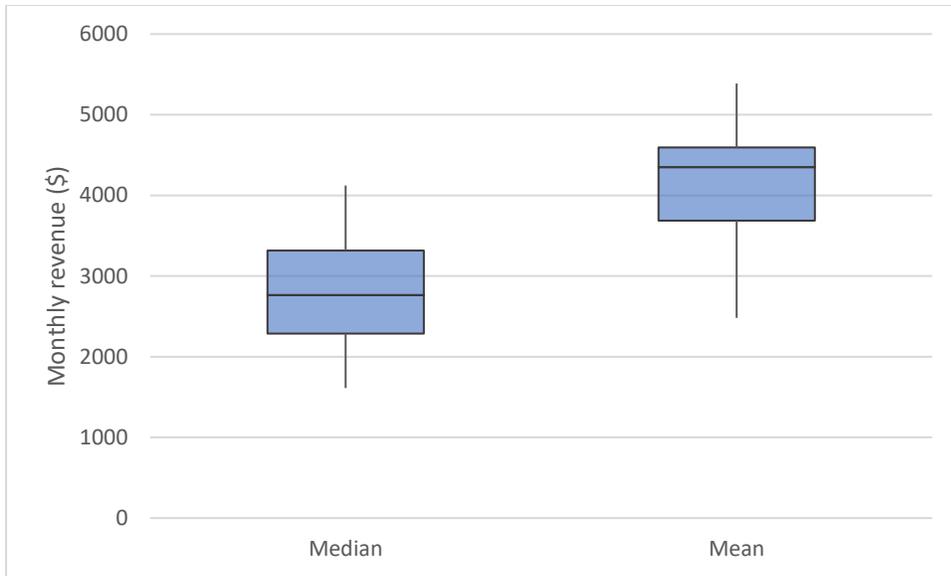


Figure 4.10. Box-and-whisker plots of median and mean monthly revenue in Nelson, February 2022 - January 2023

#### 4.3.4 Nelson – last five years (February 2018 – January 2023)

Over the last five years, Nelson has had an average of 126 active listings, which is lower than the average over the last year (150), and amounts to some 2% of total housing stock. As shown in Figure 4.11, the highest number of active listings in this time period was 169, in September 2022, while the lowest number was 90, in February and March 2021, which is a 61% difference. The seasonal patterns of occupancy rate and booking demand over the last five years are consistent with those of the last year; the lowest occupancy rate in this time period was 35% in November 2019, while the highest was 87% in July 2022, with an average of 64%. In terms of nights booked per listing, the highest demand was also in July 2022, with 21 nights per listing, while the lowest was also in November 2019, with 10 nights per listing. The average was 15 nights per listing (Figure 4.12).

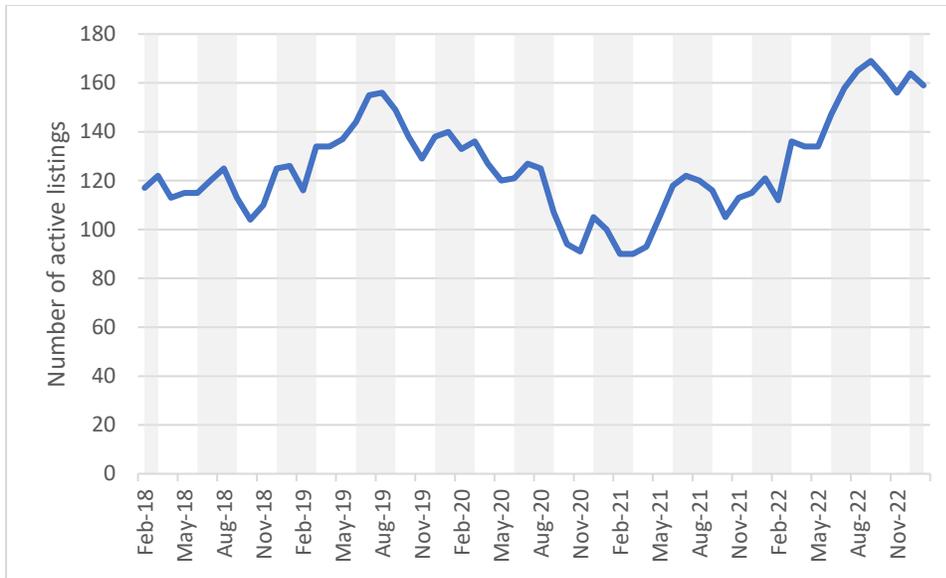


Figure 4.11. Number of active listings in Nelson, February 2018 – January 2023, with summer and winter high seasons highlighted.

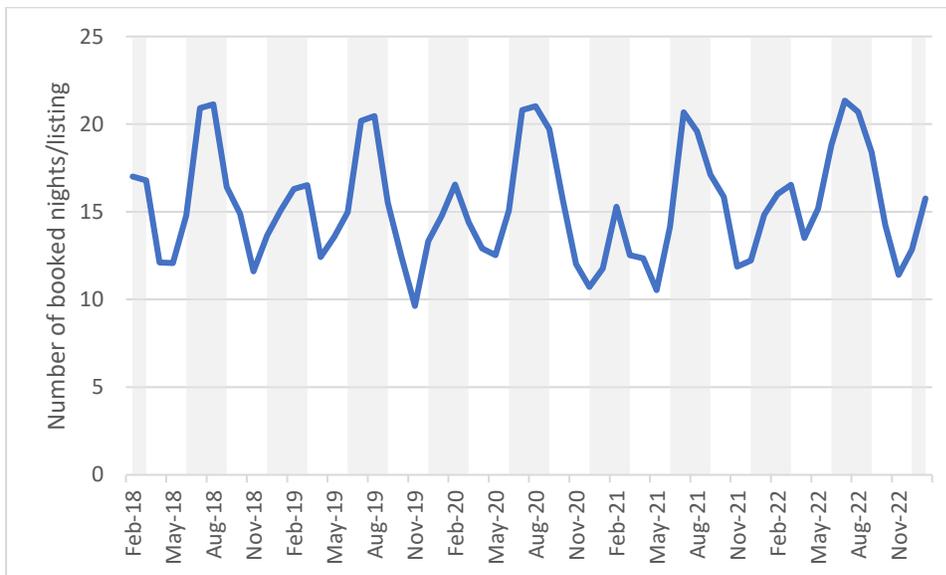


Figure 4.12. Booking demand in Nelson, February 2018 – January 2023, with summer and winter high seasons highlighted.

The average daily rate in Nelson over the last five years was \$164, which is \$30 below the one-year average. As shown in Figure 4.13, the average daily rate has been steadily increasing over this time period. Median monthly revenue was \$2151, with a maximum in July 2022 of \$4123, and a minimum in May 2021 of \$1130. The mean revenue over the last five years also trends higher than median values, with a mean of \$3534. The highest mean revenue was \$5964 in July 2021, while the lowest was \$1461 in

November 2018 (Figure 4.14). These figures are consistent with the seasonal variations in Nelson, with high seasons in the summer and winter months, and low seasons in the transitional months.

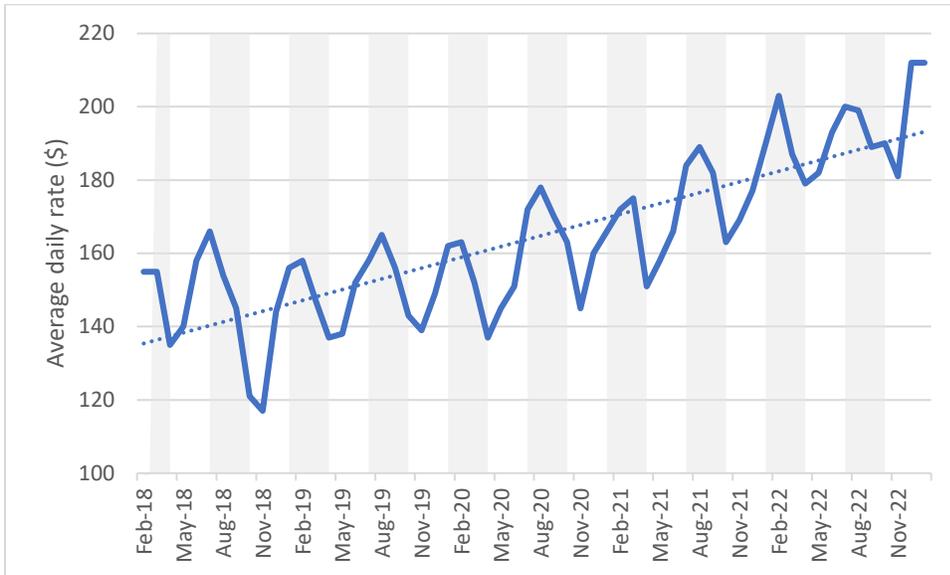


Figure 4.13. Average daily rate in Nelson, February 2018 - January 2023, with trendline and summer and winter high seasons highlighted.

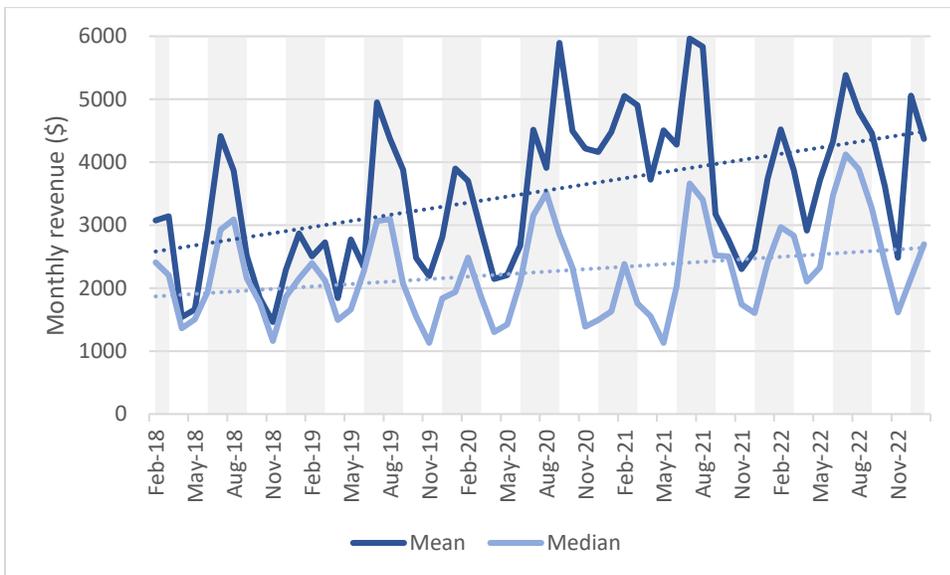


Figure 4.14. Mean and median monthly revenues in Nelson, February 2018 – January 2023, with trendlines and summer and winter high seasons emphasized.

### **4.3.5 Commercialization**

#### **4.3.5.1 Kaslo**

In the STR sector, commercialization is understood to be occurring when a host operates more than two entire home listings, or more than three private room listings (Combs et al., 2020; Wachsmuth et al., 2017). Using search parameters of a weeklong stay in July 2023, a total of 32 listings with 20 hosts were identified and reviewed. Of these 32 listings, 26 were available and located in Kaslo, while the remaining six were either unavailable in July 2023, or operated by a host who had listings in other locations in addition to their listing(s) in Kaslo. There was only one listing for a private room, while all others were for entire homes, comprised of a mix of in-home suites and standalone cabins and homes. Figure 4.15 shows the distribution of single- and multi- listing hosts in Kaslo. Of the 20 hosts, 12 (60%) operated one listing, with one residing in California, nine residing in Kaslo, and three with no data on place of residence. There were eight (40%) hosts who operated multiple listings. Of these, four operated a second listing in Kaslo, and two had a second listing located elsewhere: one in Calgary, and the other in Nelson. There was one host residing in Idaho, who had three listings (one each in Kaslo, Idaho and Mexico). The final host had five listings (four entire homes and one private room). However, all five of these listings were (or were located in) small chalet-style cabins that exist as a business outside of Airbnb, indicating an example of professionals in the accommodations industry who use and market STRs as “a new distribution channel” for pre-existing commercial accommodation (Larpin et al., 2019, p. 93).

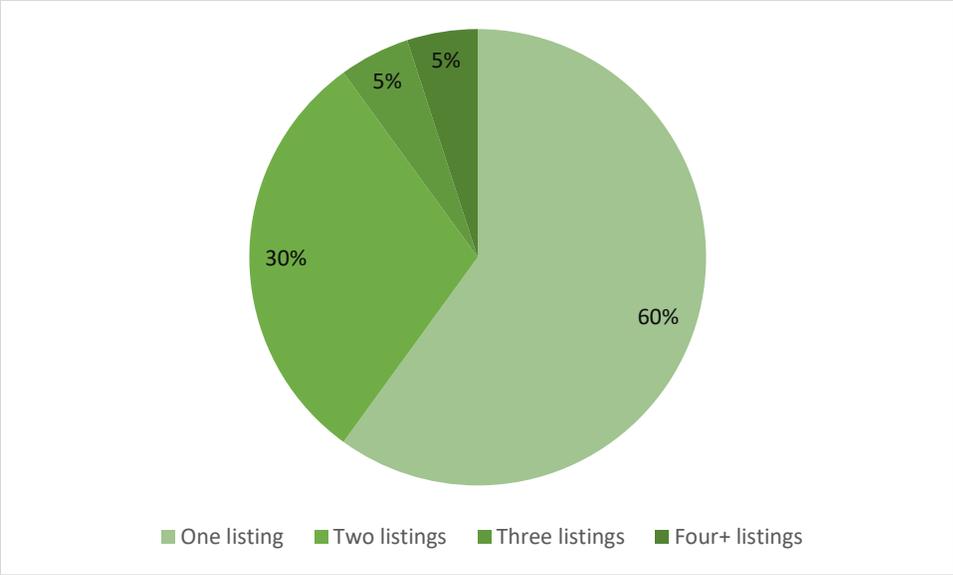


Figure 4.15. Proportion of multi-listing hosts in Kaslo, July 2023.

**4.3.5.2 Nelson**

A sample of 91 listings in Nelson with 63 hosts were identified and reviewed, also using search parameters of a weeklong stay in July 2023. Most of these listings were entire homes, with a majority being apartments and secondary suites. This is consistent with local municipal regulations, which stipulate that STRs operating in residential areas may only be located within the host’s primary residence. There were two private room listings, both offered by the same host. Figure 4.16 shows the distribution of single- and multi-listing hosts in Nelson. Overall, 48 hosts (76%) operated just one listing, with 41 residing in Nelson, one residing in Kelowna, one residing somewhere in Canada, and five with no data provided on place of residence. There were 15 multi-listing hosts, of whom nine (14%) operated one additional listing, four (7%) operated three listings, and one operated four listings. In addition, one host operated or co-hosted a total of ten listings. The highest-earning STR in the last year was co-hosted by two people, both of whom operated multiple listings. All of the Nelson hosts’ additional listings were located in Nelson or in the immediate vicinity.

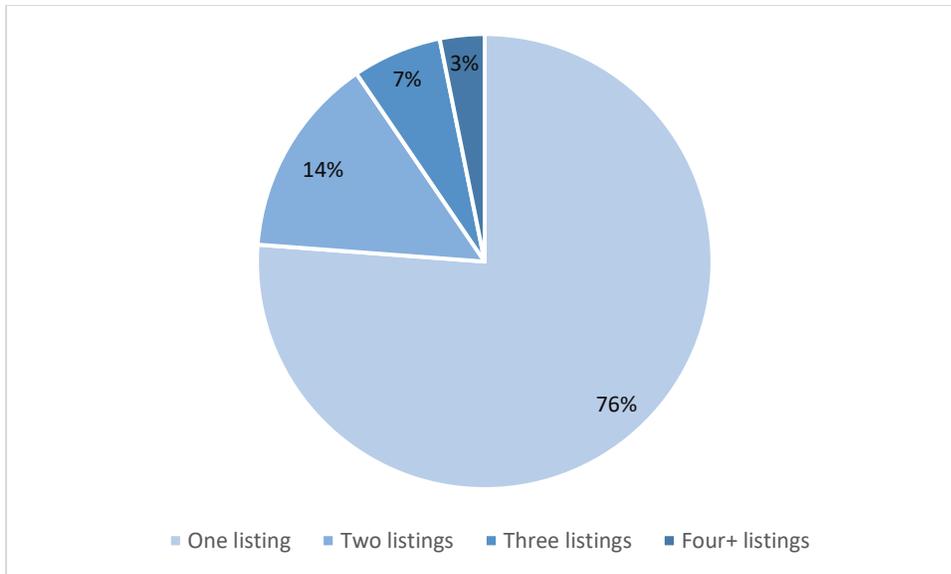


Figure 4.16. Proportion of multi-listing hosts in Nelson, July 2023.

### 4.3.6 Comparison with long-term rentals

#### 4.3.6.1 Kaslo

Because of its small size, there are no reliable sources of rigorous rental data for Kaslo (see Section 3.4.1). Instead, as detailed in Table 4.5, a variety of sources were employed to establish a tentative estimate of rental rates in Kaslo. The estimates for long-term rents vary widely, with the approximate rent for a two-bedroom unit ranging from \$865 according to the Rental Housing Index, to \$2000 according to the NCOH. Notwithstanding these variations in long-term rental estimates, the data indicates that STRs have a higher potential for generating revenue; for example, average long-term monthly rent for a one-bedroom unit in Kaslo is estimated to be \$900 according to a Facebook search, while the average monthly STR revenue for a unit of the same size is \$1510. This amounts to annual revenues of \$10,800 and \$18,120, respectively, suggesting that the operation of a STR is more lucrative for the homeowner than providing long-term rental housing for community members. Airbnb does charge hosts a 3% fee, which in the case of the one-bedroom unit's revenue would amount to \$544, but that still leaves the host with a revenue of \$17,576. The only estimate of long-term rent that comes close to the STR revenue is the NCOH's estimate for two-bedroom

units, which was \$2000, while the STR revenue was \$2114. However, the remaining estimates indicate that long-term rental revenue is consistently lower than that of STRs.

**Table 4.5**

***Comparison of Estimated Rental Revenues, Kaslo***

	<b>Revenue, monthly (annual)</b>			
	STRs	Nelson Committee on Homelessness <sup>a</sup>	Community Facebook groups	Rental Housing Index (RDCK)** <sup>b</sup>
1 bedroom	\$1510 (\$18,120)		\$900 (\$10,800)	\$648 (\$7776)
2 bedrooms	\$2114 (\$25,363)	\$2000 (\$24,000)	\$1400 (\$16,800)*	\$865 (\$10,380)
3 bedrooms	\$1797 (\$21,570)		\$1450 (\$17,400)	\$1009 (\$12,108)
4+ bedrooms	\$2547 (\$30,563)			\$1166 (\$13,992)

<sup>a</sup>NCOH, 2022; <sup>b</sup>Canadian Rental Housing Index, 2021.

\* Sample of 1.

\*\* Total shelter costs.

**4.3.6.2 Nelson**

Data was more readily available for Nelson, though it too revealed a wide range of estimates (Table 4.6). The estimates for long-term rents provided by the RMS consistently remain much lower than the estimates provided by the NCOH and the Facebook search; for example, the RMS asserts an average of \$1294 rent for three-bedroom units in Nelson, while the NCOH and Facebook search place it at a much higher \$2746 and \$2550, respectively. This discrepancy is likely due to the CMHC's omission of secondary suites and entire house rentals from their data, as explained in Section 3.4.1. Regardless of these differences, STRs remain more profitable than long-term rentals. The biggest differences in revenue potential can be seen in

two-bedroom units, where the NCOH, Facebook search, and RMS estimate annual revenues of \$22,332, \$23,076, and \$13,236, respectively, while the average annual STR revenue for a unit of this size is \$35,745. Even after subtracting Airbnb’s 3% fee, which would amount to \$1072, this would still leave hosts with annual average revenue of \$34,673 – which is far more profitable than any estimate of long-term rentals in Nelson.

**Table 4.6**

*Comparison of Estimated Rental Revenues, Nelson*

	<b>Revenue, monthly (annual)</b>			
	STRs	Nelson Committee on Homelessness <sup>a</sup>	Facebook	CMHC Rental Market Survey <sup>b</sup>
1 bedroom	\$1978 (\$23,731)	\$1241 (\$14,892)	\$1405 (\$16,860)	\$824 (\$9888)
2 bedrooms	\$2979 (\$35,745)	\$1861 (\$22,332)	\$1923 (\$23,076)	\$1103 (\$13,236)
3 bedrooms	\$3610 (\$43,318)	\$2746 (\$32,952)	\$2550 (\$30,600)	\$1294 (\$15,528)*
4+ bedrooms	\$4035 (\$48,420)	\$3300 (\$39,600)		

<sup>a</sup>NCOH, 2022; <sup>b</sup>CMHC, 2022d.

\* Includes 3+ bedroom units.

**4.3.7 Comparison of STR markets in Nelson and Kaslo**

Proportionally speaking, STRs have a larger impact in Kaslo, where they made up an average of 4% of total housing stock (reaching as high as 8% in August 2019), while in Nelson they averaged 2% of the total housing stock (peaking at 3% in September 2022). Table 4.7 provides a comparison of these numbers with the proportions of housing stock used for STRs found in other studies. Findings for both Kaslo and Nelson were consistent with a comprehensive study of communities in coastal Australia, where the median

percentage of housing stock being used for STRs was 4% (Gurran et al., 2018). However, in Pollença, Mallorca, STRs made up as much as 24% of housing stock; that is one listing for every 5.5 inhabitants (Müller et al., 2021). By comparison, Kaslo had one listing per 44 inhabitants, and Nelson had one listing per 74 inhabitants. When compared to extreme examples of ‘airbnbification’ like Pollença, Kaslo and Nelson’s respective proportions of active listings suggest that they are experiencing moderate impacts of STR activity. It is important to note that Nelson has had fairly stringent regulations on STRs since 2017; however, available data only spanned back to February 2018, which means that assessing the impacts of the regulations in Nelson was outside of the scope of this study.

**Table 4.7**

*Comparisons of STRs as Percentage of Total Housing Stock*

	<b>Kaslo</b>	<b>Nelson</b>	<b>Vancouver</b>	<b>Coastal Australia</b>	<b>Pollença, Mallorca</b>
Proportion of STRs	4%	2%	2% <sup>a</sup>	4% <sup>b</sup>	24% <sup>c</sup>

<sup>a</sup>Wachsmuth et al. (2017). <sup>b</sup>Gurran et al. (2018). <sup>c</sup>Müller et al. (2021).

In the urban Canadian context, Vancouver saw 2% of housing stock used for STRs (Wachsmuth et al., 2017), suggesting that Kaslo may be experiencing more acute impacts from STRs. However, large urban centres experience significant variation between neighbourhoods, with clusters concentrated in their urban cores (Combs et al., 2020; Wachsmuth et al., 2017). In communities with small footprints (3 and 12 square kilometres for Kaslo and Nelson, respectively (Statistics Canada, 2021a)), STRs tend to show a more even spatial distribution. This is demonstrated in Figure 4.17, although it must be noted that due to issues of privacy, Airbnb offsets the location of their listings by up to 150 metres – hence some listings appearing to be located in the water (see Wachsmuth et al., 2017).

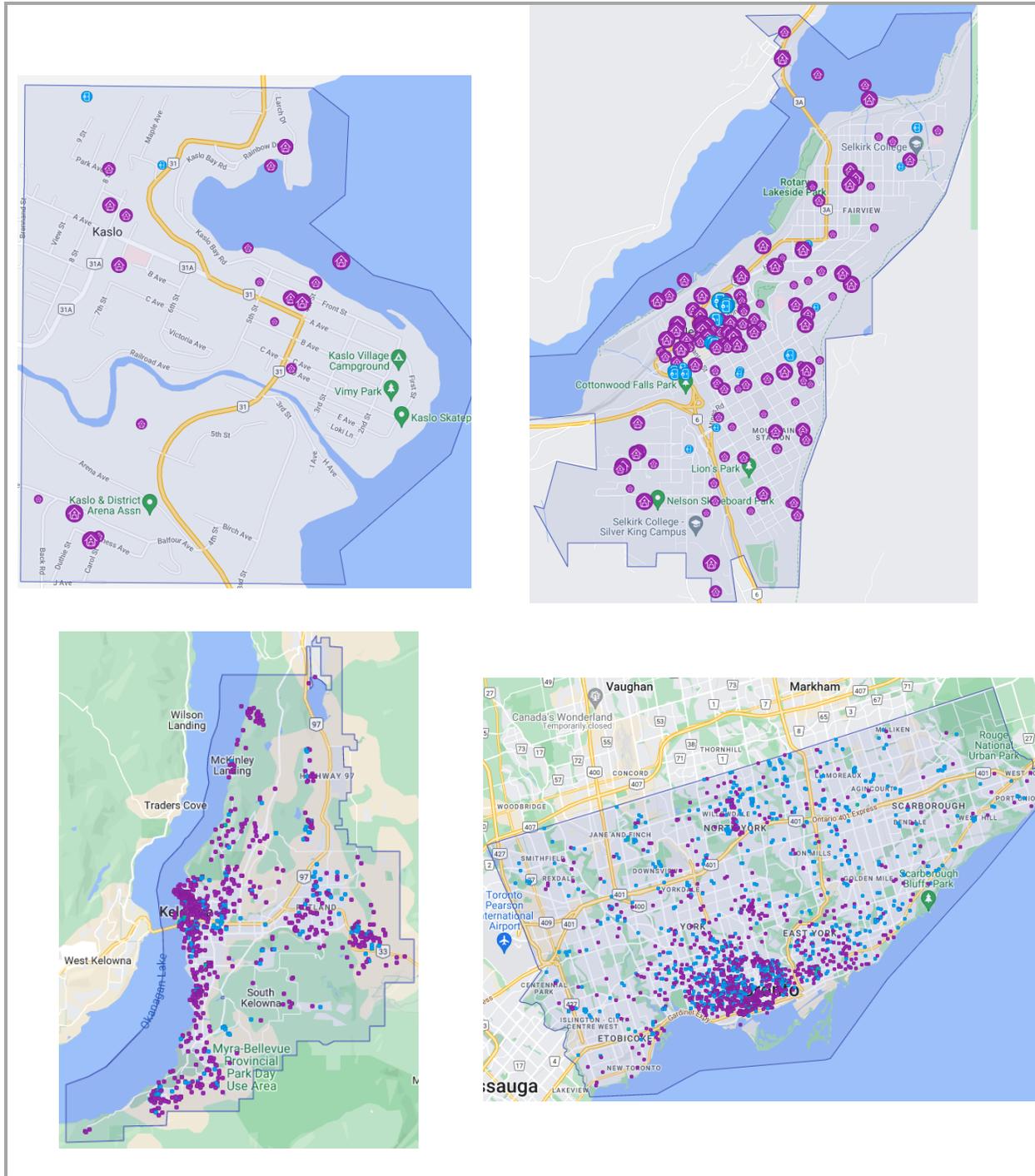


Figure 4.17. Distribution of STRs in Kaslo, Nelson, Toronto, and Kelowna in February 2023 (AirDNA, n.d.a; n.d.b; n.d.c; n.d.d).

Although tourism is a significant economic driver in Kaslo, it tends to be concentrated in the summer months, often culminating with the annual Jazz Etc Festival, held in August, which sold some

6,000 tickets in 2022 (Joyce, 2022). In the winter months, heliskiing and cat skiing provide some attraction for tourists, albeit at a much smaller scale. Operators of these sports also provide their own accommodations in lodges, are already affiliated with existing accommodations such as the Kaslo Hotel (Stellar, n.d.; Nelson and Kootenay Lake Tourism, n.d.), or strongly encourage their guests to stay in Nelson (Powder Creek Lodge, n.d.). In combination, these factors indicate that winter tourist attractions are unlikely to bring significant STR demand, which is reflected in Kaslo's annual lows. While Nelson does not host any major events in the summer, it is the largest community near Shambhala, an electronic music festival that is held near Salmo, about 40 kilometres away, which attracts some 15,000 people every summer (Shambhala, n.d.). In the winter, tourist demand is maintained by the nearby Whitewater Ski Resort, which is likely the main tourist attraction contributing to the winter peak.

## **5.0 Discussion**

### **5.1 Objective 1: To examine local housing market dynamics, including the impacts of short-term rentals.**

Local housing markets in Kaslo and Nelson were defined by high costs and low supply, for both homeowners and renters. Factors contributing to this context included insufficient infrastructure, which hindered the ability to increase housing supply, as well as social dynamics specific to the private rental market—landlord apprehension to rent on the long-term market, and tenant blacklisting. STRs also contributed to reducing supply of rental housing, and increasing rents for the stock that remained.

#### **5.1.1 Housing market dynamics**

##### **5.1.1.1 High costs**

High costs for both homeowners and renters were a key defining feature of the housing markets in Kaslo and Nelson. Census data indicate that renters, in particular, face affordability pressure. In Kaslo, 9% of owner households, and 37% of renter households, spend more than 30% of their income on shelter costs. For Nelson, this value was 15% of owner households, and 36% of renter households. The proportion of renter households spending more than 30% of their income on shelter costs in both Nelson and Kaslo are comparable to the provincial average of 38%, while the owner household values for both communities are below the provincial average of 19% (Table 5.1).

**Table 5.1*****Owner and Renter Households Spending 30% or More of Income on Shelter***

<b>Households spending 30% or more of their income on shelter costs<sup>a</sup></b>	<b>Kaslo</b>	<b>Nelson</b>	<b>BC</b>
Owner	9%	15%	19%
Renter	37%	36%	38%

<sup>a</sup>Statistics Canada, 2021a

Participants frequently mentioned the high costs of rent in both Nelson and Kaslo. However, there is a critical lack of reliable, rigorous data on average rents in both communities, as explained in Section 3.4.1. The standard measure of housing affordability used in Canada is the shelter-cost-to-income ratio, which considers one’s housing to be affordable if their shelter costs (including rent or mortgage, utilities, and taxes or fees) amount to 30% of their after-tax income (see Section 2.1.2). The 2021 Canadian Census reported median monthly shelter costs for rented dwellings as being \$860 in Kaslo and \$1,130 in Nelson (Statistics Canada, 2021a). However, out of the estimates of average rent compiled from community Facebook groups for this research, the average cost of rent – excluding utility costs – for one-bedroom units was \$900 for Kaslo, and \$1,405 for Nelson. Considering that the Census calculation of shelter cost also includes units of all sizes, which go for even higher rates, the Census data is significantly lower than estimates of average market rent.

One potential explanation for this disparity is that there is a distinction between median rents and market rents; median rents include longer-term rates that are under the protection of provincial rent control measures, while market rents are new, generally higher rates that are established while the unit is vacant between tenants (Selkirk Innovates, 2022). For example, in Kitsilano, Vancouver, median rents were \$1,139 for a one-bedroom unit, while market rents were around \$2,500 (Condon, 2022). In Victoria, apartment rents were found to increase by an average of 33% between tenancies (CMHC, 2023d). The Census shelter cost data incorporates median rent prices, while the average rent data used in this research reflect market

rent rates. While this distinction likely provides a partial explanation for the low estimates of shelter costs, there are likely additional factors at play—such as the influence of subsidized rents on median rental estimates— which will require further scholarly analysis beyond the scope of this research.

Along with high costs of rent, property values in both Nelson and Kaslo were also elevated. This has already been acknowledged in both communities’ housing needs assessments, where in North Kootenay Lake (Kaslo), “single people and low-income households cannot reasonably afford any market housing [for rent or purchase]” (RDCK, 2020b, p. 37), and in Greater Nelson, low-income and single-parent households “do not earn enough to comfortably purchase a single-detached, semi-detached, rowhouse, or duplex” (RDCK, 2020a, p. 41). Increases in home values have outpaced increases in incomes in both Kaslo and Nelson: adjusted for inflation (to 2020 and 2021 dollars, respectively), median property values have grown at over twice the rate of median after-tax incomes in both Kaslo and Nelson, a trend that is consistent with the provincial average (Table 5.2). As of 2022, median residential property values were \$651,000 in Nelson, and \$393,000 in Kaslo (Selkirk Innovates, 2023). Although the costs of homeownership and renting are distinct, elevated property values may result in corresponding elevated rents, as the ratio of house prices to rent is dependent, in part, on the assessed value of the dwelling itself (André, Gil-Alana, & Gupta, 2014, p. 2130).

**Table 5.2**

*Comparison of Growth of Incomes and Property Values*

	<b>Kaslo</b>	<b>Nelson</b>	<b>BC</b>
Change in median after-tax income (2015-2020)	19% <sup>a,c</sup>	17% <sup>a,c</sup>	17% <sup>b,c</sup>
Change in median property values (2016-2021)	46% <sup>a,c</sup>	45% <sup>a,c</sup>	43% <sup>b,c</sup>

<sup>a</sup>Statistics Canada, 2016a; <sup>b</sup>Statistics Canada, 2016b; <sup>c</sup>Statistics Canada, 2021a

Although the increasing disparity between incomes and housing costs is a Canada-wide issue (Alini, 2021), interview participants discussed specific local factors in Nelson and Kaslo contributing to this dynamic. First, they identified amenity migration and tourism as contributing to increasing costs of living and decreasing locally-offered wages. Participants mentioned the changing nature of local employment opportunities, with workers in the local tourism industry increasingly unable to find affordable housing. This phenomenon has been well-documented in other amenity-based tourism destinations throughout in British Columbia, including the adjacent East Kootenay region (Pringle & Muir Owen, 2006), Whistler (Moore et al., 2006), the Similkameen Valley (Glorioso, 2016), and interior communities including Golden, Fernie, and Revelstoke (Nepal & Jamal, 2011). The recent context of the COVID-19 pandemic was particularly relevant to these dynamics, as the rise of remote work accelerated the migration of people from urban centres to amenity-rich rural communities. Consistent with reports of this occurring across the country (Farooqui, 2020; Bilefsky, 2021; Freestone, 2021), interview participants involved in real estate saw a significant increase in demand to purchase homes in both Kaslo and Nelson during 2021, often by buyers looking to move to the region.

Along with high costs of both purchasing and renting housing, some participants also discussed the high costs of building housing. One participant, a planner for the City of Nelson, recalled how cost surveyors estimate higher costs of building in the region, which he called the 'Kootenay Tax' (Arcand). Howse et al. (2021a) also found evidence of higher costs of building in the adjacent Kootenay Boundary region, which they called the 'Kootenay Premium.' They attribute this to three factors: higher costs of transport due to the region's relative remoteness, labour shortages, and supply chain shortages exacerbated by COVID-19. These higher costs act as a significant barrier to the development of private housing in the region, where profit margins are generally "not large enough or fast enough to attract a larger outside developer to build" (Howse et al., 2021a, p. 17). This is also a major barrier to community housing organizations, which are working within constrained budgets that are often not able to be adjusted to account for quickly-changing costs of building, an issue mentioned by several participants.

### 5.1.1.2 Low supply

The second key defining feature of the housing markets in Kaslo and Nelson is a critical lack of available rental housing. Interview participants from all areas of expertise agreed that rental housing is in short supply, in conjunction with being expensive. The housing needs assessments for both communities also concur that this is a major issue in the region (RDCK, 2020a; 2020b), evidenced by Nelson’s vacancy rate of just 0.6% in 2021 (NCOH, 2022). For comparison, the average vacancy rate in BC was 1.3% in 2022 (CMHC, n.d.b), and the national vacancy rate for purpose-built rental apartments was 1.9% in January of 2023, which is the lowest recorded since 2001 (CMHC, 2023d). Healthy vacancy rates are estimated to be around 3%, “meaning that of every 100 rental units, three are physically unoccupied and available for immediate rental” (Federation of Canadian Municipalities, 2012, p. 9). Interview participants attributed the low supply of rental housing to a range of factors – specifically STRs, second home ownership, and property owner reluctance to rent on the long-term market. In the Kootenay Boundary region, Howse and Breen (2022) found that the low supply of housing for rent and purchase is especially impacting middle-income, locally employed households, which they attribute to the constriction of supply through second homes and STRs (Howse et al., 2021b).

In conjunction with low affordability, a low supply of housing – especially rental housing – can contribute to local labour shortages, especially in economies based on lower-wage, precarious labour more typical of tourism (Darling, 2005; Nepal & Jamal, 2011). This is because workers on lower wages cannot afford any housing within the community, which leads to displacement (Darling, 2005; Moore et al., 2006). More specifically, these workers face a choice between leaving the community in search of more affordable housing (which has the flow-on effect of reducing local labour supply), or remaining and experiencing homelessness. Several interview participants shared anecdotes of people they knew being forced into homelessness, such as living in a vehicle or couch surfing, while trying to search for a place to live in Kaslo or Nelson. One participant who was involved in a workforce housing development in Nelson mentioned

that, on several occasions, applicants had burst into tears when informed that their application for housing was accepted (McIndoe).

Nelson has the second highest rate of homelessness in the BC interior, with eight out of every 1,000 residents experiencing homelessness, and this count has been argued to be an undercount as it does not include those experiencing hidden homelessness (NCOH, 2022). There are no data available estimating homelessness in Kaslo. In smaller communities, hidden homelessness tends to be more prevalent than absolute homelessness, as people without access to their own housing rely on local social networks to stay with family and friends to couch surf, for example (Waegemakers Schiff et al., 2015). The high rate of homelessness in Nelson may be exacerbated by its role as a service hub for the surrounding region, which means it can “attract many who become homeless in more remote areas, travel to the centre seeking health and other services, and then remain in town” (Waegemakers Schiff et al., 2015, p. 88). Speaking to a case study in the Kootenays, Waegemakers Schiff et al. (2015) further assert that homelessness in the region is associated with tourism, as it is most visible during the summer, which “provides stakeholders with a perception that it is a seasonal phenomenon, brought to their area by vacationers who occupy scarce housing, driving low-income individuals temporarily out of doors, and fostering the potential (mis)belief that local homelessness simply does not exist” (pp. 90-91). However, as mentioned by one participant involved in the NCOH, there appears to be growing wide-ranging recognition of the magnitude of the issue in Nelson and the region more broadly (Dowden).

## **5.1.2 Short-term rentals**

### **5.1.2.1 Seasonality**

The dynamics of low supply and high costs of housing intersect with, and are exacerbated by, STRs. The analysis of STR market data revealed significant seasonal variations between Kaslo and Nelson. Kaslo tended to experience a single peak in activity in the summer months (June to September), and lows in the winter months (December to February). In contrast, Nelson experienced two distinct high seasons, with a

primary peak in the summer months (June to September), a smaller peak in the winter months (December to March), and lows in April and November. These notable seasonal patterns in STR activity in Nelson and Kaslo are consistent with those identified by Combs et al. (2020), who found that rural areas across Canada experienced concentrations of activity in July and August, especially in Atlantic Canada. They attributed this to a greater dependence on leisure tourism in rural areas, whereas larger urban centres have year-round demand from business travellers in addition to leisure travellers. In communities with highly seasonal tourist activity, STRs have been argued to provide “a way of expanding tourist accommodation in times of peak demand, without requiring significant economic investment by traditional hotel or motel operators” (Gurran et al., 2018, p. 29). This is likely relevant in the case of Kaslo, where organizers of the 2022 Jazz Etc Festival had to scramble to secure a sufficient number of camping accommodations for festivalgoers (Boivin, 2022).

Critically, even rentals that are used as STRs for ‘just’ the four-month summer high season are only available for use as long-term rentals for the remaining eight months of the year. This means that even where STR activity is seasonal, it is likely to reduce the availability of rentals with traditional 12-month leases. It follows that lower-income renters in communities with seasonal fluctuations are at risk of losing their housing during the peak season (Gurran et al., 2018; Leonard, 2018) – a phenomenon known as the ‘summer shuffle’ (Leonard, 2018). This is especially problematic in communities that are reliant on tourism, as they can suffer from critical labour shortages during the high season if workers are unable to find housing. By restricting long-term rental agreements to cover just the low season, second home owners free their property up for the greater revenue potential of STR in the summer, as well as for their personal use. However, this results in insecure housing situations for renters, who sometimes resort to extreme measures to remain in the community, such as staying with friends and relatives, paying double monthly rent for the summer high season, or even camping in the surrounding area (Leonard, 2018).

### 5.1.2.2 Revenue

Obtaining accurate and rigorous estimates of average long-term rents proved difficult for Nelson, and nearly impossible for Kaslo (see Section 3.4.1). Instead, various estimates were used to provide an approximate idea of the revenues that could be expected from long-term rentals in comparison with those from STRs. By all calculations, STR revenues exceeded long-term revenues for both Kaslo and Nelson (Table 5.3), with revenues up to 168% higher than long-term rents for one-bedroom units in Kaslo, and 158% for three-bedroom units in Nelson. Wachsmuth et al. (2017) assert that STR revenues of at least 120% of long-term revenues are needed for hosts to earn “significantly more per month than they could earn on the long-term markets” (p. 35), indicating that in terms of revenues, STRs are consistently more attractive than long-term rentals in Kaslo and Nelson. This is consistent with findings from other rural areas, where STRs tend to be more profitable (Müller et al., 2021); in coastal Australia, for example, STRs were found to earn up to 170% of the revenue that could be generated from long-term rentals, making them an “attractive proposition for investors” (Gurran et al., 2018, p. 32).

**Table 5.3**

*Comparison of Monthly STR and Long-Term Rental Monthly Revenues*

	Average STR revenues		Average long-term rental		STR revenues as % of	
	per month		revenues per month <sup>a</sup>		long-term rental revenues	
	Kaslo	Nelson	Kaslo	Nelson	Kaslo	Nelson
1 bedroom	\$1510	\$1978	\$900	\$1405	168%	141%
2 bedrooms	\$2114	\$2979	\$1400	\$1923	151%	155%
3 bedrooms	\$1797	\$4035	\$1450	\$2550	124%	158%

<sup>a</sup>Obtained from Facebook listings, as it provided the most recent, and in the case of Kaslo, the most comprehensive data.

STRs do have additional costs to hosts in the form of licensing fees. However, in Kaslo, this fee was \$60 per rentable bedroom per year, which amounts to an additional cost of \$5 per month; compared to an estimated average monthly revenue of \$1510, this fee does not represent a barrier to entry. Nelson’s

licensing fees are higher, at \$800 for an annual license per guest suite in residential zones, amounting to \$67 per month; however, given an estimated monthly revenue of \$1978 for a one-bedroom STR, this fee maintains the higher revenue potential of STRs over long-term rentals in Nelson. As discussed in Section 4.3.6.1, platform operators also take a cut of profits – such as Airbnb’s 3% – but these are also unlikely to dramatically disincentivize hosts. Further costs, such as taxes and cleaning fees, were excluded from these calculations of revenue as they are directly imposed upon guests.

### **5.1.2.3 Impacts on long-term rentals**

One of the key concerns with STRs is their gradual transformation towards commercial enterprises, in opposition to their original intention of small-scale home sharing. Wachsmuth et al. (2017) identified the ‘triple threat’ of STRs, namely “listings which are full-time, entire homes, and multi-listings” (p. 27). Such listings “represent the maximum commercialization and commodification of home sharing: they are being operated as a large-scale business, and they are taking long-term housing off the rental market” (Wachsmuth et al., 2017, p. 31). Consistent with the definition of the ‘triple threat’, this study examined the prevalence of multi-listing hosts, the number of entire home listings, and the proportion of full-time listings.

In addition to these factors, the hosts’ place of residence was also taken into account, as STRs have been argued to attract outside investors who seek to “run a profitable business without showing any concern or sensitivity towards the specific issues or problems affecting local areas” (Gómez-Martín et al., 2021, pp. 153-154). While a rigorous survey of hosts was outside the scope of this study, Airbnb host profiles were examined for any self-declared indication of their places of residence. Out of those who provided this information on their profiles, 35% of hosts in Kaslo lived elsewhere (although some divided their time between Kaslo and their other residence) while in Nelson, just 4% of hosts lived elsewhere. The prevalence of non-resident hosts can indicate the degree to which commercialization is occurring, as one cannot be renting their primary residence as a STR if they do not live there in the first place. These investors are in effect second homeowners and can have similar impacts on the community, at the additional expense of economic leakage of STR earnings from the community (Gómez-Martín et al., 2021; Gurran et al., 2018).

However, this may not always be permanent; for example, an owner can utilize their second home as a STR in order to help pay off their mortgage, before they move to the community themselves (Balsam, 2022).

Kaslo saw a higher proportion of multi-listing hosts, with 40%, while Nelson had 26%. The proportions of STR listings as multi-listings in Kaslo and Nelson were consistent with those of coastal Australia, but higher than those in Montreal and Vancouver (Table 5.4). Nelson’s lower degree of commercialization is likely due to the City’s robust STR regulations, which place limits on the numbers of licenses that operators can obtain (just one annual license, or two four-month licenses, per host), as well as requiring that STRs in residential areas are in hosts’ primary residences, reducing opportunities for non-resident hosts. With Kaslo’s STR regulations lacking active monitoring and enforcement, opportunities for commercialized operation of STRs are much more accessible.

**Table 5.4**

*Comparison of Proportions of Multi-Listings*

	<b>Kaslo</b>	<b>Nelson</b>	<b>Coastal Australia</b>	<b>Montreal</b>	<b>Vancouver</b>
Proportion of multi-listings	59%	46%	52% <sup>a</sup>	29% <sup>b</sup>	37% <sup>b</sup>

<sup>a</sup>Gurran et al. (2018). <sup>b</sup>Wachsmuth et al. (2017).

Although the absolute numbers in Kaslo are low – six hosts reported residences outside of Kaslo, and eight hosts were operating multi-listings – the proportional differences indicate that there is a higher degree of commercialization happening in Kaslo. Similarly, the absolute numbers of multi-listings indicate that the scale of commercialization in both communities is nowhere near what happens in major cities; for example, one company in Montreal operated 184 Airbnb listings in 2017 (Wachsmuth et al., 2017), while the largest multi-listing operators in Kaslo and Nelson had five and ten active listings, respectively. However, in proportional terms, the largest multi-listing operators in Kaslo and Nelson made up 21% and 8% of total average STR stock, while in Montreal, the largest operator’s listings made up 0.6% of total

stock. This indicates that, proportionally, the top multi-listing operators in Nelson and Kaslo may be more influential than the largest vacation rental company operating in Montreal.

In February of 2023, 84% of Nelson's STR market was made up of entire home listings, while in Kaslo this was 92%. Across Canada, entire home listings were found to account for 62% of listings in major urban centres, and 75% in rural areas (Combs et al., 2020). Nelson and Kaslo's comparatively higher proportions of entire-home listings suggest that "home sharing is not the predominant form of revenue generation" (Combs et al., 2020, p. 127), indicating that these STRs may be removing housing from the long-term market.

The third indicator of the STR 'triple threat' is the prevalence of full-time listings. Extant research in the Canadian context most often defines full-time listings as those that are available for short-term rental at least 120 nights of the year and actually rented for at least 60 (Combs et al., 2020; Wachsmuth et al., 2017). These listings "represent the highest plausible estimate for housing either directly converted to STR or under serious threat of conversion" (Combs et al., 2020, p. 128). However, due to constraints with the data, this research used AirDNA's definition of full-time, which are listings that are available for at least 181 nights of the year. In Kaslo, 35% of listings were available full-time over the last year, while in Nelson, this was 48%. This difference could be attributed to the more extreme degree of seasonality in Kaslo, which is also evidenced by the proportion of listings that were booked full-time: 14% in Kaslo, and 25% in Nelson. Nelson's more stable seasonal demand may make operating year-round STRs more viable, while Kaslo's low season may encourage '9-month leases', where "permanent tenants are given a lease duration ending before the summer holiday season" as observed in Australia (Gurran et al., 2018, p. 31) and Martha's Vineyard in Massachusetts, USA (Leonard, 2018). Kaslo's result was consistent with Combs et al.'s (2020) findings for rural areas across Canada, which saw 35% of listings available for at least 120 nights a year. They also found 26% of listings were available full-time in CMAs across Canada, while Wachsmuth et al. (2017) found 19% in Vancouver, and 16% in Montreal and Toronto.

Table 5.5 shows a comparison of the four indicators of commercialization between Nelson and Kaslo. Kaslo scored higher than Nelson for all indicators except the proportion of full-time listings, suggesting a higher proportion of STRs representing the ‘triple threat’ and thus removing long-term rental housing from the market. While the indicators summarized in Table 4 provide insight into the degree to which STRs are used as businesses versus as home sharing, they cannot conclusively determine how many units STRs are removing from the long-term housing market. This is because the use of a dwelling as a STR does not always mean that it was converted, or diverted, from use as a long-term rental. For example, some existing traditional accommodations operators use STR platforms as new avenues through which to get bookings (Gurran et al., 2018; Larpin et al., 2019). Additionally, some secondary suites used as STRs may have been developed specifically for that purpose, and would never have been used as long-term rentals in the first place. Further to this point, the City of Nelson is actively encouraging residents to develop secondary suites and laneway houses by permitting them in most residential zones, and offers discounts on municipal utility fees when they are not used as STRs (City of Nelson, n.d.c).

**Table 5.5**

*Indicators of Commercialization for Nelson and Kaslo*

	<b>Full-time listings (%)</b>	<b>Entire home listings (%)</b>	<b>Proportion of multi-listings (%)</b>	<b>Proportion of non-resident hosts</b>
Kaslo	35%	92%	59%	35%
Nelson	48%	84%	46%	4%

In both Kaslo and Nelson, the percentage of housing that is in full-time STRs is higher than rental vacancy rates – an indicator of housing supply pressure identified by Combs et al. (2020). Nelson has a vacancy rate of 0.6% (NCOH, 2022), and while this data is not collected for Kaslo, its vacancy rate is almost certainly similarly low, based on key informants’ comments, as well as evidence on social media of high competition for, and very low supply of, rental housing. Full-time STR listings make up around 2% of

total housing stock in both communities, indicating that they are highly likely to be exacerbating local rental pressures. This is consistent with the findings of an appraisal conducted for the Kaslo Housing Society, which contends that the superior returns of seasonal STRs have precipitated a reduction in available long-term rental supply (Anonymous, personal communication, March 2023).

While this research cannot determine exactly how many units of housing are being removed by STRs, it is possible to provide estimates. The best indicator of the impacts that STRs are having on the housing markets in the case study communities is the proportion of full-time listings, as these listings cannot be used as long-term rentals while they are available for short-term rent (for at least some of the year). Using this indicator, STRs may have removed some 13 units in Kaslo, and 94 units in Nelson, from their respective long-term rental housing markets. These figures equate to 7% of renter households in Kaslo, and 5% of renter households in Nelson. Considering the near-zero rental vacancy rates in both communities, the loss of these units is almost certainly impacting local housing markets through constricting supply of long-term rental housing.

### **5.1.3 Barriers to housing**

#### **5.1.3.1 Insufficient infrastructure**

A key barrier to the expansion of supply of housing that was mentioned by participants in Kaslo, specifically, was a lack of sufficient infrastructure. Only a minority of land in the community is serviced by the municipal sewer system, with the remaining properties relying on individual septic systems. As explained by several participants, septic systems require fairly large properties and are costly to upgrade. The costs of developing the sewer system in Kaslo is seen as a responsibility of the municipal government, but the Village is reliant on grant funding to be able to cover these costs, which requires navigating a complicated bureaucracy. In the Kootenay Boundary region, the costs of connecting a property to sewer or establishing a septic system is known to be a significant barrier for private developers of housing (Howse & Breen, 2022), while also complicating efforts at densification “due to system capacity restrictions, and

upgrading to sewer servicing is generally cost-prohibitive” (Howse et al., 2021a, p. 13). They note an example from Rossland, a community about 70 kilometres southwest of Nelson, where upgrading the servicing to subdivide a lot into six units would cost a developer an additional \$200,000 (Howse et al., 2021a).

With relatively small local tax bases, municipal governments in BC are increasingly reliant on provincial and federal grant funding initiatives “that are often restrictive and have limited flexibility to address community and economic development needs” (Ryser et al., 2023b, p. 160). Additionally, many of these funding initiatives are only available for projects that are ‘shovel ready,’ which requires that municipal governments cover the costs of engineering reports with no guarantee that their application for funding will be accepted (Ryser et al., 2023b). In communities like Kaslo, with very limited staff and funding, this can prove to be a significant barrier.

### **5.1.3.2 Landlord apprehension**

Many interview participants pointed to a general apprehension among homeowners to rent their properties on the long-term market due to a perception that their rights were not adequately protected by the RTA, particularly in terms of the difficulty of evicting renters. Participants additionally spoke of landlords fearing property damage or non-payment of rent from long-term tenants. However, the prevalence of this perception within the sample is likely due to a majority of participants being homeowners, as only two participants explicitly shared that they were renters. Interestingly, both of those participants argued that the RTA did not adequately protect *their* rights as tenants. Given the significant power imbalance in the landlord-tenant relationship, and the very tight rental markets in Nelson and Kaslo, this is an important issue to address.

The perceptions of landlord apprehension to rent on the long-term market brought up by participants are consistent with the results of the BC Rental Housing Task Force (BCRHTF), where the challenges most frequently mentioned by housing providers across the province were the difficulty of evicting renters and the unsupportive Residential Tenancy Branch (RTB) arbitration processes (BCRHTF,

2018). As part of this initiative, Nelson was one of 11 communities selected for community meetings to “identify challenges facing landlords and tenants, and to invite solutions to improve laws and regulations for everyone” (BCRHTE, 2018, p. 5). The challenge most frequently mentioned by rental housing providers in Nelson specifically was the difficulty of evicting renters. However, BC leads the country in eviction rates, with 11% of renters experiencing eviction between 2016 and 2021, compared to the national average of 6% over this time (Xuereb & Jones, 2023). Of these evictions, 9% of renter households experienced no-fault evictions, where the landlord required their tenants to leave in order to sell the property, use it for themselves, or to perform major repairs, which is significantly higher than the national average of 4%. At-fault eviction rates in BC were consistent with the national average, ranging between 1% and 2%. Xuereb & Jones (2023) also note that tenants in the private sector are approximately twice as likely to experience an eviction as those in the non-market (social and affordable) sector.

Xuereb & Jones (2023) attribute BC’s higher rates of no-fault evictions to the province’s high average rents and housing prices, which give “landlords increased incentives to evict tenants so that they can raise rents or sell properties for a profit” (p. 24). The Province does not currently have any vacancy control measures, which would extend “the prohibition against excessive rent increases beyond current renters to include the unit itself” (Condon, 2022, n.p.); the absence of vacancy control means that landlords have an incentive to evict tenants and raise rents arbitrarily. Additionally, if a landlord earns higher income from a rental building, that building can then increase in assessed value and therefore future equity, which can act as an additional incentive to increase rents (Hayes, 2022).

After experiencing evictions, tenants can face significant increases in rent, displacement, and even homelessness (First United, 2023), and have been found to have a lower degree of life satisfaction (Xuereb & Jones, 2023). These risks are likely elevated for renters in Nelson and Kaslo, given they will face fierce competition for any new tenancy opportunity. When searching the various local Facebook groups to ascertain estimates of average rents, the majority of posts in both communities were made up of existing residents and recent arrivals advertising themselves as ‘perfect tenants’ in search of rentals. The NCOH

argues that these market dynamics lead to a significant power imbalance and consequent discrimination, as “appealing to landlords in this market doesn’t just mean being articulate and resourceful, you need a moderate to high income, and lots of ‘social capital’” (2022, p. 18). The Kaslo Housing Society’s appraisal further attributes the absence of advertising for long-term rentals in the local area to extremely low vacancy rates (Anonymous, personal communication, March 2023). Also of note is that the challenge most frequently reported to the BCRHTF by *renters* in Nelson was a prevalence of “difficult or abusive rental housing providers” (2018, p. 33).

Overall, the data suggest that landlord apprehension about the long-term market may be exaggerated. Regular sensationalist headlines in the media regarding ‘nightmare tenants’ (see for example Campbell, 2020; McKee, 2023; Reitmayer & Little, 2018) may contribute to this heightened sense of risk. This said, in the BCRHTF findings, both landlords and tenants called for improvements in the RTB arbitration processes (BCRHTF, 2018). The BC RTB dispute processes have been facing increasing demand, with a 21% increase in dispute resolution applications between 2018 and late 2022 (The Canadian Press, 2022); in February 2020, regular hearings required a 5-week wait, while by September 2022, they required a 14.9-week wait. These delays impact tenants and landlords, with both sides facing stress and uncertainty while waiting for their dispute to be heard (Adams, 2022). This issue is illustrative of the broader nationwide context wherein public institutions are facing severe pressure under increasing demand, evidenced in other spheres including long waiting lists for community housing (Fagan, 2023) and severe shortages of family doctors (Meissner, 2023).

### **5.1.3.3 Small town dynamics**

An additional dynamic described by some participants was the potential for the blacklisting of tenants in Kaslo and Nelson. Small communities are often characterized by their closely-knit social networks; while this can be beneficial in terms of social supports and connections, it also means that residents are unable to be anonymous. In Kaslo, some participants spoke of the vital importance of one’s reputation, as word travels quickly – if a tenant has a bad relationship with their landlord, this will become known to others in the

community, and they may face significant difficulties in trying to secure rental housing. A tenant advocate mentioned in his interview that it was difficult to recruit fellow renters to join the Nelson Tenants Union, for fear of jeopardizing future chances of securing rental housing. The participant spoke of his own worries with trying to find rental housing for himself given his association with the advocacy group (Barbeiro).

Although there is no evidence of landlords in both Nelson and Kaslo participating in any formally organized tenant blacklisting – as has been documented in Edmonton, for example (Boothby, 2022) – the closely-knit nature of these communities may mean that word-of-mouth provides a sufficient basis for this form of tenant discrimination. Consequently, renters may be discouraged from lodging complaints with relevant authorities, as their anonymity is not guaranteed, and their reputation may suffer. Indeed, in a featured quote from the community engagement sessions as part of the BCRHTF, a renter from Nelson was quoted as saying that the “complaint process is almost impossible to use for a tenant in a small town – blacklisting” (BCRHTF, 2018, p. 5). Waegemakers Schiff et al. (2015) also note that the lack of anonymity in small towns makes it “easy to know who... may become known to landlords as problematic tenants” (p. 90). However, tenant blacklisting in rural and small town contexts requires further scholarly analysis, as there is no extant literature focusing on the subject.

## **5.2 Objective 2: To identify and assess policy initiatives across all three levels of government that seek to address housing affordability.**

The municipal governments in Nelson and Kaslo have employed a number of measures to contend with the housing challenges their communities are experiencing. However, they are also constrained by continued downloading of responsibilities, and consequently strained resources, as a result of neoliberal policy initiatives driven by higher levels of government. The provincial government of BC has taken decisive action to address housing in the province in recent years, and has been a key partner in the development of community housing in Kaslo and Nelson. The federal government’s initiatives tend to focus on major urban centres, and small communities can struggle to compete against larger communities to access associated funding.

### 5.2.1 Municipal

Participants affiliated with the municipal governments of both Nelson and Kaslo were well aware of the housing challenges their respective community was facing. They perceived that local actors – in this case municipalities and non-profit organizations – found themselves at the front lines of contending with these challenges, but asserted that housing should be the responsibility of higher levels of government. The housing system in Canada has historically been shaped by the federal government through high-level decisions on the allocation and financing of the country’s housing stock, with municipal governments later influencing the density and form of housing upon the advent of land use planning regulations. However, since 1996, when the federal government formally relinquished the administration of community housing programs to the provinces and territories, housing in British Columbia has largely been a provincial responsibility (Hulchanski, 2006).

In the context of British Columbia, provincial policies have led to further downloading of responsibility to municipal governments, while at the same time higher levels of government have been “reticent to shift jurisdictional authority and fiscal resources to empower community stakeholders to follow through on local initiatives.... In fact, they often simultaneously reduce or eliminate many of the key supports that local governments need to realize new developments” (Ryser et al., 2023b, pp. 152-153). The widening of municipal government responsibilities is part of broader ongoing processes of neoliberal policy directives by higher levels of government, characterized by the downloading of responsibility for service provision, encouragement of public-private partnerships, and simple abandonment through funding cuts. Faced with growing responsibilities, municipal governments are limited by a constrained selection of ‘fiscal levers’ to generate income, limited to property taxes and utility fees, which are potentially supplemented by unpredictable provincial and federal grants (Ryser et al., 2023b).

However, the devolution of responsibility to municipal governments means that they are liable for the potential risks associated with attempting to contend with the challenges they face, without “an appropriate devolution of power and resources” (Ryser et al., 2023b, p. 152). As such, municipalities have

had to “behave entrepreneurially, and thus to accept responsibility for local development” (Young & Matthews, 2007, p. 182); this notion is reflected in one interview participant’s hesitation with regards to the City of Nelson taking a more proactive approach in housing, citing the potential financial risks of housing development as a cause for concern (Woodward). The provincial requirement for municipal government to complete housing needs assessments (Ryser et al., 2023b), and programs that provide funding for regional planning or attracting investment, “allow the [province] to minimize its direct involvement in local development, while retaining significant powers over specific projects through its control over funding decisions” (Young & Matthews, 2007, p. 182). Ryser et al. (2014) further argue that the downloading of responsibility onto municipal governments has “exposed and exacerbated” (p. 104) limited local capacity.

The municipal governments in Nelson and Kaslo are operating within this context of continued downloading. The consequences of these policies are especially evident in the case of Kaslo, where participants consistently mentioned the municipality’s strained resources, staff, and overall capacity. It appeared that the municipality’s only method of increasing resources (beyond unpredictable one-off grants from higher levels of government) was raising property taxes, which would incur significant local opposition (Leathwood). Additionally, although Kaslo has placed some restrictions on STR operation, the municipality was unable to take a proactive approach to enforcement, leading to likely limited host compliance. Some participants expressed frustration at the lack of STR enforcement, arguing that the approach used in Nelson, with high licensing fees covering the costs of enforcement, could be applied in Kaslo.

The City of Nelson, on the other hand, has been able to take a more active approach to addressing housing challenges in the community. With a broader tax base and larger staffing capacity, the City of Nelson has been able to take action guided by their Affordable Housing Strategy (and subsequent updates), such as implementing the Affordable Housing Reserve Fund, and a number of land-use related measures. Additionally, the City actively enforces its relatively stringent STR regulations, which were largely lauded by participants for limiting the number of STRs in residential zones. Importantly, some participants also

mentioned that the City was in the process of hiring a consultant to explore further possibilities for what they could do to address local housing challenges, including potentially starting a municipal housing authority (Arcand). This builds on a recommendation by the Nelson Committee on Housing for the City to “research local government models for development corporations that could develop and acquire challenging and under-utilized land and properties to address the housing supply needs of the Community” (Nelson Housing Committee, 2021a, p. 3). Municipal housing authorities have been established in other popular tourism destinations in BC in order to provide housing for local workers and lower-income residents, including in Whistler and Squamish. However, a key informant from one of the case study communities in Ryser et al.’s (2023b) study mentioned that they were investigating establishing a local housing authority, an initiative they attributed to BC Housing’s abandonment of local community housing. As such, although a municipal housing authority may help a community address their housing challenges, it can also represent an additional repercussion of the downloading of responsibility, and consequently indicate the broader failure of higher levels of government.

Measures that both Nelson and Kaslo have taken to address housing need include zoning changes to allow for densification, tax breaks, and cooperating with local community housing organizations. Similar measures have been employed by other municipalities in BC, which typically support housing supply by waiving development fees and providing development services to housing providers, providing land for community housing, and leveraging “policies and municipal grant programs to encourage investments in affordable and accessible forms of housing” (Ryser et al., 2023b, p. 158). However, in Australia, which is facing comparable housing pressures, using similar planning measures as a “low cost ‘technical fix’” to solve housing challenges has been found to have minimal effects on overall housing affordability, where “the philosophies of neo-liberalism effectively rule out the actions and programs – such as the expansion of social housing – that would be more likely to deliver affordable housing” (Beer, Kearins, & Pieters, 2007, p. 20).

One of the most important measures of increasing housing supply taken by both communities was to allow for secondary suites on single-family zoned lots. Along with allowing for greater density, secondary suites have been argued to diversify existing housing stock and act as a mortgage helper for homeowners (Swanson, 2022). Secondary suites add to the supply of private rental housing, which constituted 87% of the rental market across Canada in 2018 (Randle, Hu, & Thurston, 2021). In the case study context, in 2020 only 8% of renter households in Kaslo lived in some form of non-market housing; however, with the completion of 10 new units of community housing in July 2023, that number is now likely closer to 15%. In Nelson, 19% of households lived in some form of non-market housing, which includes the three recently opened community housing developments (by Nelson CARES and SHARE Housing Initiative). A breakdown of renter households in market and non-market housing can be seen in Table 5.6.

The remaining renter households in both communities therefore rely on the private market, the majority of which are not purpose-built units, such as secondary suites (RDCK, 2020b). The City of Nelson has used various incentives to encourage homeowners to utilize their secondary suites as long-term rentals (and not STRs). These incentives have been considered successful as 82% of secondary suites were used for long-term rentals in 2021 (NCOH, 2022). However, one participant, a former urban planner for the City, argued that it was not “economically rational” to construct secondary suites in Nelson because of limited returns on investment generated by long-term rents, and called for the Province to take action to incentivize homeowners to develop them (Thumm). The Province has since announced such a plan (see Section 4.1.3). In Kaslo, the viability of secondary suites is limited, in part, due to added costs of provincially-regulated restrictions on septic systems, which have allegedly resulted in a prevalence of illegally-built secondary suites in the community (Anonymous, personal communication, February 2023).

**Table 5.6*****Renter Household Types in Kaslo and Nelson***

	<b>Kaslo</b>	<b>Nelson</b>
Households living in independent community housing	10 <sup>a</sup>	123 <sup>b</sup>
Households in emergency housing or assisted living facilities	1 <sup>a</sup>	225 <sup>b</sup>
Households in private rentals	134 <sup>a,c</sup>	1,477 <sup>b,c</sup>
Receiving subsidy	19 <sup>a</sup>	113 <sup>b</sup>
Not receiving subsidy	115 <sup>a,c</sup>	1,364 <sup>b,c</sup>
Total renter households	145 <sup>c</sup>	1,825 <sup>c</sup>

<sup>a</sup>RDCK, 2020a; <sup>b</sup>RDCK, 2020b; <sup>c</sup>Statistics Canada, 2021a.

*Note.* An additional 10 units of community housing have been opened in Kaslo since the collection of this data.

Finally, several participants from differing sectors called for regional cooperation and sharing of knowledge between Nelson and the smaller municipalities that surround it, including Kaslo. Given the lack of institutional capacity available in the Village of Kaslo – and likely other communities like it in the region – some participants suggested that a greater level of communication and collaboration could foster a more streamlined approach to addressing housing more broadly. Additionally, considering the broader context of downloading of responsibility, this level of cooperation could contribute to regional resilience and “could enhance institutional capacities to develop proposals and encourage [municipalities] to identify complementary benefits or at least negate tendencies towards zero sum rivalry” (Hayter & Nieweler, 2018, p. 90). Hayter & Nieweler (2018) additionally mention shared tourism marketing as an example of mutually beneficial regional cooperation; this has been implemented in the case study context through Nelson and Kootenay Lake Tourism, which encompasses the region surrounding Nelson, including Kaslo. Within the context of housing, greater cooperation appears to have been discussed by the Nelson Housing Committee, which moved to “develop a plan for a sub-regional housing body to be presented to Council by the end of

its 2021 term” (2021b, p. 2) in partnership with the RDCK. However, it is unclear whether this plan was completed. Additionally, some interview participants expressed that it was difficult to coordinate cooperation between municipalities given their already strained resources.

### 5.2.2 Provincial

Housing has been a central focus of recent actions taken by the provincial government of British Columbia. They have implemented a number of measures, including two housing strategies, and several policy initiatives including the Speculation and Vacancy Tax and the *Housing Supply Act 2022*. The Province has also created funding streams to invest in community housing, which have been utilized by community housing organizations in both Kaslo and Nelson. Participants from community housing organizations in both communities frequently mentioned BC Housing as an indispensable partner in funding their various developments.

Some of the Province’s current and planned engagements in housing include initiatives that circumvent municipal governments completely, such as the *Housing Supply Act 2022*, or plans to legalize secondary suites in all municipalities across the province. While interview participants did not comment on this style of intervention by the Provincial government (and secondary suites were already legal in both communities), the Union of BC Municipalities (UBCM) have expressed “significant concerns with ‘legislation on housing targets and forcing municipalities to act’” (2022b, n.p.). The UBCM response to these changes came before the *Housing Supply Act 2022* was passed; however, they raise important questions about how municipalities will meet the costs of associated infrastructure development, and (potentially) additional direct costs to support community housing developments. Additionally, they caution that this measure may have unintended consequences such as the creation of new *unaffordable* housing supply – even if it means the demolition of existing affordable housing – in order to meet requirements for expanding housing supply (UBCM, 2022c).

Although it is too soon to evaluate real change catalyzed by *Homes for People* (HFP), the Provincial housing strategy released in early 2023, the plan outlines a decisive, wide-ranging approach to contending with the housing crisis in the province. Elements such as the expansion of the Speculation and Vacancy Tax, legalization of secondary suites and other densification measures, provincial regulation of STRs, and increasing investments into community housing have been positively received as important actions to ameliorate the housing crisis. However, the plan has been argued to not do enough for renter households and maintaining longstanding policy positions that privilege homeownership (see Hulchanski, 2006), for example through the lack of vacancy control and support for renters displaced by redevelopment, as well as through the disparity between the Home Owner Grant and the Renter’s Tax Credit (Lee, 2023). Importantly, the plan has been argued to provide insufficient investments for the expansion of supply of community housing; with only a fraction of units announced under the preceding *Homes for B.C.* plan completed, “the *Homes for People* plan is largely reannouncing previously planned units” (Lee, 2023, n.p.). HFP plans to construct 3,000 units of community housing annually, which falls short of “a comprehensive program for non-market housing [which] should aim for 25,000 new units per year” (Lee, 2023, n.p.). This is especially important as faith in the market providing affordable housing is fading (Pomeroy, 2020b), due in part to analyses that suggest “it never makes any mathematical sense for the market to provide what’s called affordable housing that is truly affordable” (Yalnizyan, 2023, 19:41).

### **5.2.3 Federal**

Interview participants felt largely disconnected from the federal government, and did not report experiencing major impacts from the federal government’s reengagement in housing. This was largely attributed to the fact that small municipal governments and community housing organizations were at a significant disadvantage when competing for federal funding with larger organizations and municipalities. For example, the RHI reserved \$500 million for major urban centres, while “rural and remote communities would have to compete with other urban centres for the remaining \$500 million in funding” (National Alliance to End Rural and Remote Homelessness, 2021, p. 4). Additionally, as mentioned by one

participant, the RHI provided funding for sites that were already connected to services, which were not available in Kaslo (Hewat). Considering the added costs and time of contracting a specialist to conduct background work (e.g., engineering assessments) required to qualify for funding from higher levels of government, federal initiatives are often out of reach for small communities like Kaslo.

However, both the Kaslo Housing Society and Nelson CARES were able to secure seed funding from the federal government for their respective projects; in addition, the Kaslo Housing Society also received funding from the National Housing Co-Investment Fund (see Table 4.1). Furthermore, Nelson's Coordinated Access service, bringing together various organizations to connect people experiencing homelessness with supports and services, is funded by the federal government's Reaching Home program (NCOH, 2022). On a broader scale, one participant from the RDCK noted that they had been communicating with representatives from CMHC and the Federation of Canadian Municipalities (FCM), which had not been occurring previously. Additionally, despite the lack of attention given to rural communities in the NHS and other related federal initiatives, the recently-announced Housing Accelerator Fund has divided its funding into an Urban and Rural stream, signalling a potential greater recognition of rural communities at the federal level.

### **5.3 Objective 3: To describe and evaluate efforts to provide community housing in these locales.**

Non-profit and volunteer-run community housing organizations like Nelson CARES, SHARE Housing Initiative, and the Kaslo Housing Society have been instrumental in the provision of community housing in their communities. However, their rise is also a direct consequence of the federal government shifting responsibility for housing to the provinces and community housing organizations (Pomeroy, 2017). As such, these organizations face increasing pressures to deliver housing while contending with limited resources and capacity, as well as stigma surrounding community housing. Despite these significant challenges, community housing organizations have found success through partnerships with other organizations and local governments.

### 5.3.1 Community housing in the neoliberal context

The community housing organizations in Kaslo and Nelson have been integral to the construction and operation of affordable and attainable housing in both communities. These so-called ‘third sector’ organizations, operating adjacent to public and private housing providers, receive funding through various government initiatives and provide much-needed housing for their communities (Deng, Leviten-Reid, & Thériault, 2023). While these organizations do important work, the rise of local, often volunteer-driven, non-profit community service providers are a direct consequence of higher levels of government centralizing and closing down regional services (Ryser & Halseth, 2014). Additionally, operating within the broader context of neoliberalism, local service providers are often under pressure from the provincial government to reduce their reliance on government funding, and are encouraged “to adopt a social enterprise model as yet another tool to support the neoliberal agenda” (Ryser et al., 2014, p. 105). While participants from these community housing organizations were very proud of their accomplishments, they were also critical of the fact that their organizations were necessary in the first place, with one participant asserting that they “resent having to do the job that [they] think the government should be doing” (Bird).

In the context of housing, the downloading of responsibility has entailed the transfer of management and ownership of formerly public housing to non-profit providers (Ryser et al., 2023b), which has resulted in a highly fragmented landscape of community housing provision across Canada (see Pomeroy, 2017); Deng et al. (2023) go so far as to assert that this is “a prominent example of dysfunctional federalism” (p. 13). For instance, in 2012-13, BC Housing partnered with some 800 community housing organizations, while as of 2010, almost 60% of those organizations managed just one building, with a further 30% managing between two and five buildings (Penfold, Rethoret, & MacDonald, 2016). There are advantages to this level of fragmentation, such as the ability for local organizations to have a deeper understanding of local needs and capitalize on their local knowledge (Penfold et al., 2016). Housing provided by local community housing organizations, and funded by higher levels of government, can allow communities to tailor their own solutions (Penfold et al., 2016). However, Deng et al. (2023) found that

many provincial and federal initiatives were inflexible, “both with respect to what nonprofits are required to provide in funding applications and the ability of these organizations to access funds to support local housing needs” (p. 8). This was especially the case for organizations operating in smaller communities, where part of the application process for receiving funding required providing the new development’s proximity to various services and amenities where the “questions are ‘designed for a very urban place’ and did not fit regions that lack density, and which led their application to receive a much lower score than if they were doing this same project in an urban centre” (Deng et al., 2023, p. 8). In the context of Kaslo, one participant mentioned that federal funding through the RHI was out of reach for the Kaslo Housing Society because they did not have access to serviced sites readily available for the development of affordable housing (Mayor Hewat).

### **5.3.2 High workload and limited capacity**

Participants involved in any kind of non-profit organization (including ANKORS and Habitat for Humanity, along with the community housing organizations in Kaslo and Nelson) consistently expressed a desire and need to be doing more for their communities, despite already struggling with a significant workload. This was even the reason given by Nelson CARES when politely declining to participate in this research. Neoliberal policy decisions have imposed increasing pressure on housing workers without a concurrent increase in support; in a context where housing work is viewed by government as “managerial, meant to protect assets and administer minimal ‘help’ to those who economically qualify for it,” housing workers tend to experience their work as “highly emotional care labor, with crisis and insurmountable human need at the center of every workday” (Leigh & MacDonald, 2023, p. 181). One participant, after sharing that they had had an applicant for housing burst into tears when learning that their application had been accepted, remarked that this volunteer work is “worth more than getting paid. It’s pretty incredible” (McIndoe).

As the housing crisis deepens, housing workers are at the forefront of this ever-growing need and are expected to be able to evaluate clients’ needs objectively (Leigh & MacDonald, 2023; Smith & Lipsky, 1993). This is likely even more difficult in small communities, where there is a high likelihood that housing

workers have some kind of personal familiarity with the people they serve. With non-profit organizations acting in many cases as the only providers of community housing in smaller communities, they effectively become a representation of public policy decisions to citizens, which can add to workers' pressure (Smith & Lipsky, 1993). Nelson CARES identify this as a potential threat to achieving their goals, where they note that there is “no real commitment from government (provincial and municipal) bodies to support the well being of our most vulnerable and Nelson CARES and partner agencies [are] being blamed for these deep service gaps” (Nelson CARES, 2021, p. 4).

In addition, smaller organizations, such as the Kaslo Housing Society, or even SHARE Housing Initiative in Nelson, rely almost entirely on volunteer labour. After experiencing a failure to obtain approvals or funds to advance their projects, however, volunteers can experience burn out and resign from further participation in the organization (Flaherty) (see also, Ryser & Halseth, 2014). Furthermore, due to the small populations of such communities, “if leaders move on from their position or burn out from the stress of service delivery, there are relatively few potential volunteers to draw from” (Ryser & Halseth, 2014, p. 44). Even in the case of organizations with paid workers, such as Nelson CARES, capacity can be restricted due to insufficient funding, relatively low wages, and limited benefits, amid increasing demand (Deng et al., 2023).

While volunteer-run organizations perform essential services for their communities, they can also face additional barriers due to their volunteer workforce having a lack of necessary skills and knowledge. The development and management of community housing is highly complex and requires wide-ranging expertise, including effective community engagement and construction management. With volunteer-run organizations “often engaging in one-off projects and learning as they go” (Deng et al., 2023, p. 4), it can be difficult for them to recruit and retain members who have this expertise. Ryser and Halseth (2014) identify this lack of knowledge as a major barrier for voluntary organizations in smaller communities, which have to contend with a lack of financial and management skills with training usually located in faraway urban centres, and very time consuming and complex grant applications that are challenging to complete

with limited volunteer knowledge and time. One participant from Nelson attributed the lack of community housing in smaller communities in the region, including Kaslo, to the limited skills and capacity of their respective volunteer-run organizations, noting that “they have people with a lot of emotion and passion to want to do something but not the experience” (Mayor Dooley).

### **5.3.3 Stigmatization of community housing**

In addition to operating within the constraints of limited resources and capacity, some participants affiliated with community housing organizations also noted a degree of stigmatization of community housing. For some, community housing has been associated with “images of crime, social decay, and declining property values and quality of life” (Goetz, 2008, p. 223), and can generate significant community opposition (see for example Rantanen, 2023). In rural communities, some residents can hold misperceptions that the establishment of social services, including community housing, can foster dependency on these services (Osinubi et al., 2022); this has been noted by Nelson CARES, where they identify a “‘build it and they will come’ attitude” (2021, p. 4) in the broader community as a potential threat to their projects. One interview participant also mentioned this in their work with the NCOH, where they have faced some community opposition to their work in addressing homelessness in Nelson (Dowden).

The Whistler Housing Authority, for example, has faced opposition to their community housing developments, with ‘not in my back yard’ (NIMBY) attitudes complicating the construction and delivery of much-needed affordable housing in a notoriously expensive resort town. However, they argue that their community housing developments have not contributed to any devaluation of surrounding market properties, and that they are in fact a positive addition to their community (Dickinson et al., 2009). NIMBYism has been identified as a common obstacle to the expansion of community housing in rural communities, along with community opposition to non-single-family-detached housing types, such as apartments (Slaunwhite, 2009). This may be additionally complicated in small communities with a lack of anonymity like Kaslo, where residents of community housing may be subject to individualized stigma (Flaherty). However, participants also mentioned that the term ‘workforce housing’ was more widely

accepted by residents, as it points to a broad level of need for community housing within Kaslo and Nelson, while avoiding the stigma surrounding terms like affordable, social, or public housing.

### **5.3.4 Community housing and government**

Participants noted a degree of tension between large urban centres and smaller communities like Nelson, and especially Kaslo, where community housing organizations like the KHS and SHARE Housing Initiative faced difficulty with securing funds due to a perception of higher risk associated with small, ‘unproven’ community housing organizations. Some participants also asserted that small communities like Kaslo faced additional difficulty with obtaining funding due to their projects’ smaller perceived impact, with larger developments that are only feasible in large urban centres given priority. Because of their smaller size and capacity, as well as their geographic isolation, community housing organizations in rural areas can face additional challenges with securing sufficient capital for developing new affordable housing and keeping up with maintenance (Penfold et al., 2016). An additional challenge that participants mentioned was a lack of serviced land, particularly in Kaslo, where it took decades of unsuccessful funding applications and cooperation between the KHS and the Village to finally complete the construction of an affordable housing building. These barriers mentioned by participants were part of broader criticisms of the regulatory context established by the Province, which has been argued to “reduce the risk to central governments rather than to provide a more supportive policy environment for the voluntary sector operating on the ground” (Ryser & Halseth, 2014, p. 46). This includes increasingly complex regulations around insurance and liability (Ryser & Halseth, 2014), which have exposed the limitations of community housing organizations with limited networks and business management skills (Ryser et al., 2014).

One way that the KHS contended with these challenges was through partnering with New Commons Development (NCD), a non-profit real estate development company. Through their Small Communities Initiative, NCD partners with small community housing organizations to increase their capacity by providing expertise and knowledge throughout the process of developing community housing (NCD, n.d.a). In Kaslo, NCD supported the KHS through pre-application work such as feasibility

assessments, and offered further support throughout the process (NCD, n.d.b). Importantly, NCD did not require payment up-front, which enabled the KHS to complete the work required to access funding in the first place (Flaherty). Additionally, in reference to funders' perceptions of risk associated with smaller organizations, NCD notes that in Kaslo, "the proposed development team, bolstered by the partnership with NCD, was viewed favourably by funders" (n.d.b, p. 2). NCD is also partnering with the New Denver and Area Housing Society, some 40 kilometres west of Kaslo, to develop affordable housing in New Denver. In Nelson, SHARE Housing Initiative partnered with Innovative Housing Consultants Inc. (IHCI, n.d.), and Nelson CARES partnered with CitySpaces Consulting for their Lakeside Place development (Nelson CARES, n.d.b). However, it is unclear what these partnerships actually looked like in practice. In Québec, support for independent community housing organizations is offered through the province, where they have a program that offers funding to facilitate and maintain their operations (Québec, n.d.).

Partnerships with consultants, municipalities, and other organizations are essential for community housing organizations in small communities to survive (Storyhero Media, 2021). Cooperating with other organizations can help expand expertise and access to funding, as well as improve the delivery of services (Ryser & Halseth, 2014). Furthermore, partnerships can also "increase the sustainability of non-profit organizations attempting to diversify their funding sources or volunteer base" (Penfold et al., 2016, p. 170). An additional important partner in the case study communities is Columbia Basin Trust, which supports social, economic, and environmental wellbeing of communities affected by the Columbia River Treaty (Columbia Basin Trust, n.d.), and which contributed funding to all four recent developments in Nelson and Kaslo (see Table 4.1). On the other hand, the need for partnerships can also be interpreted through a lens of neoliberal downloading, as argued by Ryser et al. (2014), who argue that collaboration is a direct response to a lack of sufficient government support and resources, "in order to generate greater efficiencies and to access a broader range of resources" (p. 99).

## **6.0 Conclusion**

### **6.1 Summary**

This thesis analyzed government policies, key informant interviews, and quantitative short-term rental data to address the question: What are the housing affordability challenges in small towns in the interior of British Columbia, and how do community housing organizations contribute to addressing them? The question was addressed through three objectives, which will now be summarized in turn.

#### **6.1.1 Objective 1: To examine local housing market dynamics, including the impacts of short-term rentals.**

The housing markets in Nelson and Kaslo were defined by two overarching dynamics: high costs and low supply. The costs of housing were high for both renters and homeowners in both communities. Interview participants frequently mentioned that rents in their community were unaffordable for those employed in the local service sector. However, producing a reliable estimate of rents in Kaslo and Nelson is difficult due to the limited availability of rigorous data. This research found that median shelter costs from the 2021 Census are much lower than current market rental listings. This may be explained, in part, the general increase in rent levels in BC (+10%) from 2021 to 2022 (Rentals.ca, 2023), as well as by trends towards STR development and amenity migration accelerated by the pandemic. In terms of homeownership, the rate of increase in property values is twice that of the rate of increase in median incomes from 2016 to 2021. As of 2022, average house sale prices were \$651,000 in Nelson, and \$393,000 in Kaslo. Interview participants also attributed this to the acceleration of amenity migration during the pandemic. The costs of building in and around Nelson and Kaslo have also been argued to be higher than in other parts of the province, a phenomenon dubbed the ‘Kootenay Tax’ by one participant, which has also been documented in extant research. Participants also frequently mentioned the insufficient supply of housing in Nelson and Kaslo, particularly for renters. They attributed this to STRs, second home ownership, and landlords being hesitant to rent on the long-term market. The combined impacts of these dynamics included the displacement of

local residents, homelessness, and labour shortages. These impacts speak to the way in which housing dynamics are closely linked to the socio-economic ‘transformation’ of the economies of small rural communities in BC (Albrecht, 2007; Ryser & Halseth, 2010), and may impede intended progress towards more service- and especially tourism-oriented foundations.

STRs were found to contribute to increasing housing costs and fewer rental units in both communities. Full-time STR listing were found to make up around 2% of the total housing stock in both communities; in the context of near-zero rental vacancy rates in Kaslo and Nelson, the data indicated that STRs were highly likely to be exacerbating local rental pressures. Proportionally speaking, Kaslo had a higher degree of multi-listing STR operations than Nelson, indicating that Nelson’s extensive regulations may be effective at limiting commercialization. Consistent with extant literature, STRs in Nelson and Kaslo generated higher revenue than long-term rentals. Along with the potential for higher returns, participants also noted that the operation of STRs was attractive to homeowners due to their being exempt from the RTA, meaning that they were not subject to regulations that apply to long-term tenancies, including those around evictions. In Kaslo, due to the higher degree of seasonality in STR activity, there may also be a prevalence of so-called ‘9-month leases,’ where a property is rented to long-term tenants over the low season, and used as a STR or holiday home during the summer high season. Consequently, local tenants’ need for permanent, year-round housing may be sacrificed to facilitate touristic activity.

The local housing markets were also impacted by three key barriers identified by interview participants. First, a lack of sufficient infrastructure was mentioned as a significant obstacle to the construction of additional housing. This was especially notable in Kaslo, where the limited sewer system complicated efforts to expand supply, including through secondary suites and construction of new purpose-built rentals. The lack of access to a fully serviced lot was a major challenge that prevented the KHS from being able to access funding for their community housing development, which was eventually resolved when the Village located an alternative lot with access to services, with construction beginning in 2022. Second, participants spoke of landlords feeling unprotected by the RTA, and thus being reluctant to rent on

the long-term market. However, this fear may be exaggerated, evidenced through data indicating that only a minority of evictions in BC were due to tenant behaviour or non-payment of rent. Moreover, tenants feel that the RTA is insufficiently protective of *their* interests. In combination, these observations highlight a lack of trust in public regulation of the rental market. Third, some participants mentioned that potential blacklisting of tenants by landlords was especially prevalent in small communities like Nelson and Kaslo, where any landlord-tenant dispute was likely to be made known to the community. Lodging complaints with the municipality or RTB was potentially risky to tenants, who could potentially jeopardize their future chances of securing rental housing due to their lack of anonymity.

**6.1.2 Objective 2: To identify and assess policy initiatives across all three levels of government that seek to address housing affordability.**

Municipal governments found themselves at the front lines of contending with the housing challenges that their respective communities faced, which was exacerbated by the downloading of responsibility from higher orders of government. Nonetheless, the governments of both communities had taken proactive measures to try to support the expansion of housing supply through allowing secondary suites and other forms of densification, offering tax breaks, and supporting community housing organizations. Nelson was also able to take further actions to address these challenges, which could be seen through their housing strategy and strong STR regulations, with which there was a high degree of compliance. At the time of the interviews, Nelson had also just begun exploring additional avenues through which the City could take action. On the other hand, the municipal government in Kaslo had very limited capacity to further address housing in their community, by virtue of its very small size and limited human resources.

Participants were well aware of the provincial government's attention to housing. BC Housing was a key funder of all community housing developments discussed in this research. Additionally, the Province has announced a number of initiatives and investments to address housing across BC, including the funding of new community housing, renters' benefits, and improvements to RTB processes. They have also introduced some measures that will circumvent what is traditionally under the jurisdiction of municipal

governments, including allowing secondary suites across the province, and potentially addressing STRs on the provincial scale. On the federal scale, participants had a perception of distance from the federal government, noting that many initiatives tended to be designed with large urban centres in mind. However, the federal government's funding initiatives had also contributed to community housing developments in both communities. Importantly, neither the provincial nor federal governments had major housing policies and initiatives that were focused on small and rural communities.

### **6.1.3 Objective 3: To describe and evaluate efforts to provide community housing in these locales.**

Non-profit and volunteer-run community housing organizations played an essential role in delivering community housing in both Nelson and Kaslo. All three of the main organizations – Nelson CARES, SHARE Housing Initiative, and the Kaslo Housing Society – have each opened community housing developments over the last two years, after several years (and, in the case of the KHS, decades) of work. They have provided much-needed affordable housing in their communities, though there continues to be a need for more social and affordable rental units in both Nelson and Kaslo. The community housing organizations have achieved these goals by partnering with non-profit consultants, other organizations, and municipal, provincial, and federal governments.

However, participants also noted that volunteer-run organizations – in this case, SHARE Housing Initiative and the KHS – were disadvantaged due to their members having limited skills and knowledge of the complex processes behind applying for funding and building community housing. Additionally, even organizations with paid employees – in this case Nelson CARES – had very high workloads, and very limited resources. Smaller organizations, especially the KHS, faced barriers in accessing funding due to initiatives being designed for much larger communities and not taking rural realities, such as insufficient infrastructure, into account. Community housing organizations faced significant pressures to deliver housing, but did not necessarily have access to the supports they needed. The development of community housing also garnered some community opposition due to associated stigma and NIMBYism, although it

appears that there was a broader recognition of the need for community housing in both communities. Additionally, one participant emphasized that due to the lack of anonymity in small communities, individuals living in community housing can be subject to being stigmatized themselves.

## **6.2 Policy recommendations**

This research has revealed a number of ways in which the housing challenges in small communities are not being sufficiently addressed. This section outlines four policy recommendations in order to move towards ameliorating the housing challenges faced by small communities.

### **6.2.1 Recommendation 1: Expand the collection of data on small communities**

Finding rigorous, reliable data for the case study communities was a key challenge in this research, with the Census the only source that consistently covered the geographies of both Kaslo and Nelson. Data from CMHC did not accurately capture the realities of the case study communities. The Rental Market Survey, which only collected data in Nelson, was clearly designed for larger urban communities as it only captured the primary rental market. However, in Nelson, primary rentals only account for a minority of the rental market; as such, these data were not representative of the true conditions there. Although CMHC does collect additional data through the Rural Rental Market Survey, it only captures private row houses and apartments in communities with populations between 2,500 and 10,000, thereby excluding Kaslo, and neglecting the prevalence of single-detached housing in smaller communities (CMHC, 2021).

There is a clear need for data that captures, and is attentive to the needs of, rural communities. One initiative that is already trying to address this is Selkirk Innovates' State of the Basin, which compiles a wide variety of indicators of wellbeing for communities in the Kootenay region, including Kaslo and Nelson. However, they are reliant on data from other sources, which often neglect rural communities. Recognizing this need, the Rural Ontario Institute has launched the initial prototype of their Rural Housing Information System, bringing together data on demographic trends, relevant municipal planning bylaws, average market rents and home prices, and available funding opportunities, among others (Rural Ontario

Institute, n.d.). Although both of the above tools represent an important step towards the improvement of data in rural communities, both of them are tools that compile data from existing sources. There is a need for major data collection initiatives, such as the Rental Market Survey and the Canadian Housing Survey, to collect rigorous data focusing on rural communities, with methodologies that are tailored to rural realities.

### **6.2.2 Recommendation 2: Expand the provision of community housing in rural communities, with initiatives taking rural realities into account**

It is becoming increasingly evident that in the current context of the financialization of housing, the private rental market is unable to provide affordable, secure housing to many households in need, which is especially noticeable in rural communities with very limited community housing. Furthermore, organizations in these communities face additional barriers to developing community housing due to funding initiatives being primarily designed with urban centres in mind. As highlighted by Deng et al. (2023), there is a need for differentiated requirements for urban and rural providers of community housing, as well as “being more accommodating regarding priority groups and priority geographies for affordable units” (p. 12).

Furthermore, a frequently raised concern with the expansion of supply of community housing is that it is expensive to construct and sustain. However, in many cases, community housing can essentially pay for itself over time, while maintaining below-market rents. In for-profit rental housing development, the initial costs of developing housing are eventually repaid through the income generated by rental income. The development of community housing operates on this same premise, often bolstered by government funding (grants and low/no-interest loans). However, non-profit providers can operate on a break-even basis, while charging below-market rents, as opposed to having to generate profit for the developer (Hemingway, 2022). In Nelson, SHARE Housing Initiative operates Herridge Place in this way, with tenants with higher incomes paying higher – but still below market – rents that offset the lower rents of other tenants with lower incomes. Of course, this model likely cannot provide housing for individuals and households with extremely low incomes or additional needs, who require deeply affordable and/or supportive units,

however it can be employed to effectively provide workforce housing in communities like Nelson and Kaslo.

### **6.2.3 Recommendation 3: Address housing on the regional scale**

While the government of Nelson was actively taking steps towards further addressing housing in the city, the municipal government in Kaslo was constrained by their much more limited resources and lower staffing capacity. This resulted in a lack of capacity to enforce bylaws and engage more meaningfully with housing. Another issue was that both communities are surrounded by private housing development in adjacent unincorporated communities. Furthermore, although a regional analysis of municipal capacity was outside of the scope of this research, it is likely that other small communities in the West Kootenays, such as New Denver, Silverton, or Slocan, are experiencing similar limitations. These communities find themselves in an impossible situation, where they are faced with significant responsibilities, but do not have adequate resources to address them. However, all of these communities are part of the RDCK, which encompasses nine municipalities as well as a number of unincorporated communities throughout the region. Although each community is unique, they are facing similar pressures on housing, as identified by the regional housing needs assessment (RDCK, 2020c). As such, a coordinated, regional-scale response to housing could streamline solutions, capitalize on regional expertise, and alleviate the pressure that small municipalities are experiencing. Here, parallels can be drawn with metropolitan urban regions, where the presence of separate municipalities, sometimes in large numbers (e.g., Metro Vancouver), impedes a coordinated regional response to housing pressures, even in the absence of the significant resource constraints that smaller, more rural municipalities face.

### **6.2.4 Recommendation 4: Address STR regulations on the provincial scale**

STRs are present throughout British Columbia, with some 18,500 operators across the province (British Columbia, 2018b), and even the West Kootenays; in a cursory search on the Airbnb website covering the approximate areas of the RDCK, there were 749 available listings as of July 29, 2023. However, regulating

the activity of STRs is largely a municipal responsibility, which was a key concern for participants from Kaslo, where the Village had insufficient jurisdictional capacity to take comprehensive action. The results of this research indicate that the widespread popularity of STRs is impacting the long-term rental market, necessitating the need for decisive policy actions aimed to limit the prevalence of STRs.

The Provincial government has indicated that they will be looking into introducing “legislation to allow local communities to ‘better regulate’ services like Airbnb” (Kulkarni, 2023, n.p.), however, further details on what that will look like have not been released. There is a case for province-wide regulation, as found in Québec, in order to reduce the responsibility that local governments are currently subject to, and to reduce or eliminate the commercialized operation of STRs, which have been shown to have the greatest impact on local housing supply (see Combs et al., 2020). Rigorous enforcement of STR regulations is also essential, as the recent case of a multiple-fatality fire in an illicit STR in Montreal illustrates (Leavitt, 2023).

### **6.3 Limitations of this research**

In the absence of a well-developed literature focusing on housing affordability in rural communities in Canada, studies such as this one are perhaps inevitably exploratory in character. Moreover, as with all case study-based research, the results of this study reflect a specific context – in this case, two communities that are in the latter stages of transitioning their economies by capitalizing on their recreational, natural, and cultural amenities and pursuing tourism as their dominant economic driver. As such, the results of this research are not generalizable to all rural communities in BC, or even to all rural communities pursuing tourism. This presents an opportunity for further research with housing as the focal point, which could combine insights from this study with the scholarly analysis that already exists on transitioning industrial communities (Ryser et al., 2023b; 2014), STRs (Combs et al., 2020; Gómez-Martín et al., 2021; Müller et al., 2021), resort communities (Chipeniuk, 2005; Nepal & Jamal, 2011), and amenity migration (Chipeniuk, 2006; Moss, 2006).

Furthermore, it was not possible to find rigorous data to support all of the analysis in this research. This was especially evident in the lack of rental data for both Kaslo and Nelson. In the Columbia Basin-Boundary region, the CMHC has only collected data on Nelson and Cranbrook (two of the largest communities) since 2019. This is due to the small sizes of other communities necessitating the suppression of data due to issues with confidentiality (Selkirk Innovates, 2022). However, as noted by Howse and Breen (2022), a lack of sufficient data can even hinder the development of private housing, as “builders and developers require quantitative data to make their case” (p. 137). This indicates an opportunity for further research, focusing on the ways in which the confidentiality issues associated with data collection in small communities could be overcome, as well as ways in which the scope of data collection could be improved to meaningfully include small communities.

An unexpected limitation of this research is that it is likely skewed towards the perceptions of homeowners and landlords, as only two participants disclosed that they were tenants, with the majority of other participants being homeowners, landlords, and/or STR operators. As such, further analysis could complement this research by focusing on the experiences of tenants trying to secure housing in very difficult housing market conditions. Such analysis could usefully explore in more detail several of the factors identified in this thesis, including tenant experiences of competition for scarce rental units, the issue of actual or potential blacklisting of tenants who ‘complain’ (assert their rights), and tenant perspectives on if or how the RTA protects the rights of renters vis-à-vis landlords. Addressing the last of these questions could provide an instructive counterpoint to media tropes and landlord narratives about the alleged inability of owners to end problem tenancies in a timely fashion. There are also further opportunities for more targeted explorations of the lived experiences of STR operators, landlords, and workers in non-profit and volunteer community housing organizations.

#### **6.4 Final words**

This thesis presents an examination of the key housing affordability challenges and policy responses in rural communities. It is especially timely given the deepening tension between the NHS’s aspirational goal

of ensuring adequate and affordable housing for all Canadians, and the reality of a worsening housing crisis across the country. This tension plays out in particular ways in rural communities, as this study has documented. It has been catalyzed by *economic changes* (specifically a strong shift to a post-productive, tourism-based economy), resulting in *housing supply challenges* (including infrastructural obstacles to new development, little or no community housing, and diversion of potential rental stock to second homes and STRs), and is impacted by *unique social dynamics* (lack of anonymity, stigmatization). The combination of these factors contributes to a uniquely complex set of new challenges that communities are facing. Furthermore, this research is one of few studies of small communities in BC with housing affordability as a focal point; as such, it expands geographical knowledge of these communities beyond such mainstays of rural research as economic transformation, tourism, and amenity migration.

To close, I would like to bring you along to June 8<sup>th</sup> 2023, one of the first truly hot, sunny days of the summer in Kaslo. This was the day of the grand opening of Penny Lane Apartments, and a chance for the community to get together and get a look inside of the much-anticipated community housing building. Residents gathered on the next-door neighbour's front lawn, who generously shared his space for the event. It was a momentous occasion for the board members of the KHS, and was reflected in the joyful expressions on their faces as they exclaimed "welcome home!" while cutting the ribbon in front of the new building (Figure 6.1). This building, a concrete symbol of over twenty years of work, represents the power, resilience, and sheer determination of the dedicated residents of Kaslo. This kind of community service, powered by caring for one's community, is not unique to Kaslo. It is a major strength of small communities everywhere, and will continue to be a defining feature of their response to the challenges that they face head on.



Figure 6.1. Members of the Kaslo Housing Society cutting the ribbon on Penny Lane Apartments (image by author).

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## **Appendix A: Letter of initial contact (email)**

Dear [Name],

My name is Erika Cizek, and I am a Master's student at the University of Alberta. I am currently working on my thesis research which will explore housing affordability and community housing in smaller communities through case studies of Nelson and Kaslo. As part of this research, I am looking to interview individuals involved in [organization/role] to learn more about how they are contending with the lack of affordable housing in [community].

I would be grateful if you would be willing to sit down with me for an interview to discuss how the housing crisis has impacted [community], and what [organization] has done to alleviate housing pressures there.

Please let me know if you would be interested in speaking with me, and I will send you more information about my project.

I look forward to hearing from you!

Erika Cizek

## **Appendix B: Information letter and consent form**

### *Information letter*

Dear [Name],

My name is Erika Cizek and I am a graduate student in Human Geography at the University of Alberta.

I am conducting research about challenges with housing affordability in Nelson and Kaslo and the roles of local government and community housing organizations in trying to address these challenges, in a study titled Addressing Housing Affordability in Small Communities: Case Studies from British Columbia.

This work is inspired by my observations of the situation growing up in Kaslo, as well as the more recent housing affordability challenges that are being felt across Canada.

Moreover, I am aware that rural communities and smaller centres are often overlooked in discussions of housing in Canada.

As part of this study, I am interested in hearing the perspectives of municipal employees, urban planners, elected officials, community housing organization representatives, and real estate agents.

I would like to interview you for my research. This interview would occur in person or remotely, over Zoom or telephone. It would occur in [dates] and would last approximately 45-60 minutes.

Should you decide to participate in this research, I will provide you with a consent form with further details on the study and your participation. You will have the option of speaking on record, or using a pseudonym. With your permission, I will audio-record our interview.

Please let me know if you would like to participate in this research, or if you have any questions about the study or the interview process.

Thank you,

Erika Cizek (Principal Investigator)

Master's Student, Human Geography

University of Alberta

Email: [cizek@ualberta.ca](mailto:cizek@ualberta.ca)

The plan for this study has been reviewed for its adherence to ethical guidelines by a Research Ethics Board at the University of Alberta (ID: Pro00118302). For questions regarding participant rights and ethical conduct of research, contact the Research Ethics Office at [reoffice@ualberta.ca](mailto:reoffice@ualberta.ca).

*Consent form*

**INFORMATION LETTER and WRITTEN CONSENT FORM for INTERVIEW**

**Study Title: Addressing Housing Affordability in Small Communities: Case Studies from British  
Columbia**

**Study Investigator**

Erika Cizek, BA

MA Student (Human Geography)

Dept. of Earth & Atmospheric Sciences

University of Alberta

Edmonton, AB

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**Study Supervisor**

Dr. Damian Collins

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Edmonton, AB

e: damian.collins@ualberta.ca

**Background**

This research explores challenges with housing affordability in small communities in British Columbia. It examines local housing market dynamics, policy initiatives, and local efforts to provide community housing.

I am seeking to interview individuals with experience in any of the following areas: municipal, provincial, and federal housing policy; housing advocacy; community housing initiatives; local housing market dynamics; and short-term rentals.

This study is funded by the Social Sciences and Humanities Council of Canada (SSHRC).

## **Purpose**

The purpose of this research is to develop a more detailed understanding of the housing affordability challenges faced by small communities, examined through case studies of Kaslo and Nelson. It aims to contribute to the gap in research focusing on housing in rural communities and smaller centres.

## **Study procedures**

Participation in this research entails a one-on-one interview lasting approximately 45-60 minutes.

The interview will be conducted over Zoom or telephone, at a time that is convenient to you. It will take the form of a conversation about your knowledge and experiences with housing advocacy, housing policy, and/or local housing market dynamics.

With your permission, I will audio-record the interview and later transcribe it into a written document. Our interview will be one of approximately 20 interviews with other local experts.

## **Benefits**

There is no direct benefit to participating in this study. However, your participation may provide you and/or your organization with a stronger and more detailed understanding of the local housing issues in your community.

## **Risks**

I do not anticipate the interview questions will cause you any harm or discomfort. However, you may be asked to reflect on organizational weaknesses or limitations.

You will have the option of speaking on record, or using a pseudonym. However, given the small size of the case study communities and the limited number of potential participants, complete anonymity cannot be guaranteed.

## **Voluntary participation**

You are under no obligation to participate in this study. Your involvement is completely voluntary. If you received information about this study from a superior, they will not know if you agree or decline to participate in an interview.

You have the right to withdraw from the interview at any time while it is in progress without penalty. You also have the right to decline to answer any question or set of questions.

If you agree to participate in the study but change your mind, you can withdraw up to 30 days after the date of your interview. To do so, please contact me via email or telephone, and I will delete both the digital audio file of your interview, and the written transcript. After 30 days it will no longer be possible to withdraw, as the information you provided will be included as data in the research.

## **Confidentiality and anonymity**

This research will be used to inform my thesis, and subsequent presentations and publications.

If you agree to participate in this research, your community/location (e.g. Kaslo or Nelson) will be recorded and associated with your comments.

Due to the small size of the case study communities, and limited number of potential participants, it is not possible for me to guarantee you complete anonymity. Therefore, I am asking for your permission to include your name, occupation and organization (as relevant to housing) in my research.

As an example of how your identity could be used in my research, your name, occupation and organization may be listed next to a direct quote from our interview.

**Please check all the boxes that apply:**

**YES, I agree to have the following used for the purposes of this research:**

**Please check all that apply:**

- Name
- Occupation
- Organization

**NO, I do not want my name, occupation or organization shared for any reason.**

If you choose **NO** you will be assigned a pseudonym. However, it is possible that people familiar with your community could still identify you and your organization based on the content of your answers.

The raw data collected during our interview (audio recording and transcript) will be stored securely on a password-protected computer. Only myself and my research supervisor will have access to these files. This data will be securely stored for a period of 5 years after the study is completed. After this period, the data will be deleted.

**Further information**

If you have further questions regarding this study, please contact Erika Cizek (email: [cizek@ualberta.ca](mailto:cizek@ualberta.ca)) or Dr. Damian Collins (email: [damian.collins@ualberta.ca](mailto:damian.collins@ualberta.ca)).

The plan for this study has been reviewed for its adherence to ethical guidelines by a Research Ethics Board at the University of Alberta (ID: Pro00118302). For questions regarding participant rights and ethical conduct of research, contact the Research Ethics Office at [reoffice@ualberta.ca](mailto:reoffice@ualberta.ca).

**Consent Statement**

I have read this form and the research study has been explained to me. I have been given the opportunity to ask questions and my questions have been answered. If I have additional questions, I have been told whom to contact. I agree to participate in the research study described above and will retain a copy of this consent form after I sign it.

---

Participant's Name (printed) and Signature

---

Date

---

Name (printed) and Signature of Person Obtaining Consent

---

Date

Once signed, please return this consent form to Erika Cizek by email ([cizek@ualberta.ca](mailto:cizek@ualberta.ca)).

## Appendix C: Interview guides

### *Questions for municipal employees and elected officials*

1. How do you define affordable housing?
  - a. What do you think are the main housing affordability challenges in your community?
2. What steps has your municipality taken to ensure that rental housing is affordable here?
3. How much of an impact have short-term rentals had on your community?
  - a. Has your government taken steps to mitigate any negative impacts?
4. Is your community supported by the provincial government in managing housing? If yes, how?
5. Are you familiar with the National Housing Strategy?
  - a. *If yes:* Do you feel that the NHS has had any impacts on your community?
6. Do you feel that your government has sufficient knowledge, tools, and funding to manage housing affordability?
7. What kind of a role can/do community housing organizations play in your community?
8. *For participants from Kaslo:* What are your thoughts on the proposed development of the ski resort at Zincton?
  - a. Do you have concerns about its potential impacts on housing in Kaslo?
9. *For participants from Nelson:* Do you think the Whitewater ski resort has had an impact on housing in Nelson?
  - a. *If yes:* What are those impacts?
10. Do you think second home owners have an impact on the housing situation here?
  - a. Do you think second home owners are beneficial to the community as a whole?
  - b. Is your government taking any action to encourage/discourage second home owners?
11. To what degree would you say tourism is seasonal in your community?
  - a. How does this seasonality impact housing, and especially rental housing, in your community?

### *Questions for community housing representatives*

1. How do you define affordable housing?
  - a. What do you think are the main housing affordability challenges in your community?
2. Do you feel that the municipal government is doing enough to ensure housing affordability in your community?
3. What initiatives is your organization undertaking to provide affordable housing?

- a. How many units do you provide or are you seeking to provide?
  - b. When were they built/when will they be built?
4. Is your organization adequately supported by municipal, provincial, and federal governments?
  - a. *If yes:* how and by whom?
5. What are the major barriers that individuals face in accessing affordable housing in your community?
6. *For participants from Kaslo:* What are your thoughts on the proposed development of the ski resort at Zincton?
  - b. Do you have concerns about its potential impacts on housing in Kaslo?
7. *For participants from Nelson:* Do you think the Whitewater ski resort has had an impact on housing in Nelson?
  - a. *If yes:* What are those impacts?
8. How have short-term rentals impacted housing affordability and accessibility in your community?
  - a. How effective are any measures the municipal government has taken to manage/regulate short-term rentals?
9. Do you think second home owners have an impact on the housing situation here?
  - a. Has your organization taken on any initiatives to manage these impacts?

*Questions for realtors*

1. What is the current state of the housing market in your community?
2. How has the real estate market (in terms of both demand and supply) changed since COVID-19?
3. What is the demographic makeup of your clientele? Do they tend to be newcomers to the region? Has this changed since COVID-19?
  - a. What is bringing people to this region? (e.g. what attracts them?)
4. In terms of your clients, what is the breakdown between owner-occupiers and people purchasing an investment/rental property?
  - a. Do you have clients looking to purchase short-term rentals?
5. Do you think your community is currently experiencing challenges with housing affordability?
  - a. *If yes:* What are the most significant factors causing housing affordability issues in your community?
  - b. What do you think are the solutions to these challenges?
6. *For participants from Kaslo:* What are your thoughts on the proposed development of the ski resort at Zincton?
  - c. Do you have concerns about its potential impacts on housing in Kaslo?

7. *For participants from Nelson:* Do you think the Whitewater ski resort has an impact on housing in Nelson?
  - a. *If yes:* What are those impacts?
8. Do you think second home owners have an impact on the housing situation here?
  - a. Do you think second home owners are beneficial to the community as a whole?
9. How do you think housing could be more effectively regulated in your community?

*Questions for tenant advocates*

1. Could you tell me about the formation of the tenants' unions? Why did you decide to form them?
2. How would you define affordable housing?
3. What problems or challenges do you hear most about?
  - a. What issues do you represent? What are the priorities of the unions?
4. Why do you think there is a need for this advocacy, and what does this tell us about the housing markets?
5. What would you like to see for solutions?
6. How do you see the current balance between market and non-market housing? How should this change?
7. What kinds of changes would you like to see to the residential tenancy act?
8. Have you heard of any kind of blacklisting of tenants, especially in Kaslo?
9. Would you consider community housing landlords (non-profit organizations) to be better landlords than private individuals or for-profit corporations?
10. What kinds of similarities or differences are there in the housing markets in Kaslo and Nelson?
  - a. Should the solutions be similar?