



**NEWS RELEASE
FOR IMMEDIATE RELEASE
May 1, 2008**

Chamber Research Report Recommends Solutions to Calgary's Long-term Housing Affordability Challenge

(Calgary, AB) – Greater certainty, emphasis on affordability, and streamlined approaches are needed in the City of Calgary's planning, land use and development processes, according to a major research report released today by the Calgary Chamber of Commerce. The report investigated Calgary's housing affordability since 1980 and offered comparison with other Canadian cities, discussed the factors that affect housing prices, and provided recommendations to improve the affordability of Calgary's residential real estate market.

"The current price of housing relative to incomes poses a significant challenge to Calgary businesses seeking to attract and retain employees – the number one issue confronting Chamber members," said Heather Douglas, President & CEO of the Calgary Chamber of Commerce. "With this report we aim to encourage greater discussion regarding ways to improve affordability in the owner occupied housing market."

According to the Chamber's analysis, Calgary's housing was at one of its most affordable positions between 2000 and 2005. In 2006, however, the median price of housing rose by an unprecedented 41 per cent, and housing affordability, one of the city's competitive advantages, rapidly eroded.

An analysis of the factors affecting housing prices in this year concluded Calgary's affordability challenge was mainly demand driven. A number of growth factors culminated in 2006 to create a "demand shock." These included: record annual population growth (3.7 per cent), record employment growth (7.4 per cent), and record income growth (4.5 per cent). It was also fuelled by record low rental vacancy rates of 0.5 per cent, a near record low interest lending rate, and one of the highest in-migration counts in Calgary's history. This "demand shock" was substantiated by Calgary home sales in 2006, which topped 33,000, up 25 per cent from two years earlier.

Within this context, in addition to labour shortages in the building and development industry, the recent deterioration in housing affordability is understandable. However, as Calgary continues to grapple with high housing costs, both the real estate industry and the City must work together to re-examine approaches that would improve affordability.

In this cooperative spirit, the Chamber's research determined that the City could best influence housing affordability through its land use and supply policies, and approval processes.

The report is informed by an analysis of affordability measures, a comprehensive review of the literature on housing affordability, current municipal policies, and 15 in-depth, interviews with representatives from the building and development industries, the City of Calgary, and staff at the Regional Municipality of Halifax and the City of Toronto.



“Greater certainty, focus on affordability, and improved approaches are needed in the City of Calgary’s planning, land use and development processes for the real estate industry to provide affordable housing more quickly in response to demand,” said Douglas. “This stabilizes the market, and ultimately leads to greater housing affordability.”

The full 65-page report is available on the Calgary Chamber of Commerce’s website:
www.calgarychamber.com

About the Alberta Real Estate Foundation:



This project is made possible through a grant from the Alberta Real Estate Foundation. The Alberta Real Estate Foundation supports real estate related initiatives that enhance the industry and benefit the people of Alberta. The Foundation’s revenues come from the interest earned on public money deposited in real estate brokers’ pooled trust accounts. Learn more at www.aref.ab.ca.

About the Chamber:

The Calgary Chamber of Commerce is a volunteer driven, not-for-profit, and non-partisan advocacy group whose mission is to lead and serve the Calgary business community, valuing its diversity.

On critical and emerging issues in public policy, the Chamber acts as the leading forum for debate, and advocates public policy solutions that improve the business climate on behalf of our members.

The Chamber’s Top Five 2008 Business Issues

1. Labour shortage
2. Transportation infrastructure
3. Taxes (federal, provincial, municipal)
4. Economic health and diversification
5. Environment (land use, water, climate change)

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BACKGROUNDER

Municipal Land Development Policies and Regulations and the Impact on Calgary Housing Affordability – Key Findings and Recommendations

Key findings and recommendations to create greater certainty, streamline the City's growth management and development policies, and ultimately improve affordability include:

Need for clear policy direction from City Council

City Council has approved 11 “smart growth sustainability principles” to guide future growth. These principles encourage high-density, mixed use and transit oriented neighbourhoods, and can improve housing affordability and reduce homeowner costs. Affordability, however, is not among the list of principles, and no overarching policy is currently in place to indicate how these principles should be applied to development and land use applications. This has created a situation of uncertainty for developers and City staff, increasing approval times, and adding to development costs, which are passed along to homeowners.

Recommendations

- Add the principle of affordability to the list of 11 sustainability principles, and incorporate these principles into the City's statutory *Municipal Development Plan* (MDP), which guides growth and development.
- Publish criteria for evaluating development proposals in the context of these sustainability principles, and circulate them internally and to the development industry.

Streamlined planning process

Even with clear policy direction and evaluation criteria in place, the planning process can be further streamlined. The City develops regional, area and community plans to guide growth under the MDP – all of which must be updated prior to approving new projects. This process can add significant delays and uncertainty to the development approval process.

Recommendation

- Streamline the land use policy and planning process by incorporating the content of regional plans, and the City's 40 to 50 land use and planning policy documents, into the *Municipal Development Plan*, which ensures that all subordinate plans are updated automatically with the MDP.

Effective City and industry collaboration

The transformation to high-density, mixed-use, walkable and transit-oriented forms of development, which can act to improve housing and homeowner affordability, involves significant time and risk to both the City and the developer. Developers bringing an unconventional product to market must create alternative design standards for these projects, Garrison Woods and Mackenzie Towne communities being two recent examples. The success of these projects hinged upon a mutually respectful partnership between the developer and the City, and a willingness for the project to succeed. While the City is encouraging developers to bring forward innovative projects, the research suggested that the same level of commitment is not as endemic as it was in 2003.



Recommendations

- Partner more consistently and comprehensively with industry to achieve innovative and high quality designs for new development. This message needs to come directly from Council, and involves supporting an ethos of collaboration, committing resources to strategic infrastructure investments, and empowering staff to work with applicants to move projects through the process stages in a timely and cost-sensitive manner.
- Incorporate the alternative design standards developed and approved for Garrison Woods and Mackenzie Towne into the standard specification books that developers can work within to reduce approval times and costs for sustainable and affordable projects. The City should also review and adopt alternative design standards applied in other jurisdictions, such as Europe, to increase the variety of pre-approved alternative standards that provide greater diversity and choice for consumers.
- Ensure sufficient and accessible transit infrastructure is provided concurrently with developments designed to encourage transit use through automobile and parking restrictions.
- Streamline the application process for projects that meet the sustainability and affordability principles in areas already identified for development.

Council participation and community engagement

Projects that are politically sensitive can take up to twice as long to be approved and developed. City Council is directly involved in approving land use and zoning applications, with the relevant Ward Alderman carrying significant weight on local zoning decisions. Community organizations can also be effective at opposing local projects with the ‘unintended consequence’ of depriving the broader community of citywide benefits. High-density, mixed-use, transit-oriented developments that are characterized by such broad-based benefits can be particularly contentious.

Recommendations

- Adopt a balanced approach to the zoning approval process by ensuring all Aldermen have equal weighting on community zoning decisions. The Mayor (elected at large, and with a citywide mandate) might also hold a deciding vote.
- That Council work closely with the City Manager’s Office to develop a principled, effective and consistent internal framework that separates early ‘political’ considerations from the approval process, after zoning decisions have been made.
- Council develop consultation protocols for major land use applications, where local community group inputs are considered as part of, and within a broader citywide consultation, and in a broader municipal context.

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For more information on the Alberta Real Estate Foundation, visit www.aref.ab.ca.