



Municipal Land Development Policies and Regulations and the Impact on Calgary Housing Affordability

May 2008



This project was made possible through a
grant from the Alberta Real Estate Foundation

www.aref.ab.ca





About the Calgary Chamber of Commerce

The Chamber seeks to raise the consciousness and quality of public discourse on key policy issues confronting its members and stakeholders, through informed discussion grounded in fact and reasoned analysis.

www.calgarychamber.com



Agenda

- I. Rationale for Study
- II. Housing Affordability in Calgary
- III. Factors Affecting Housing Prices
- IV. Improving Planning, Land Use and Development Policies and Processes





I. Rationale for Study

- 2007 Chamber membership survey – **affordable housing ranks in top five business issues** for the first time
- Median Calgary housing price **increased 83%** between 2004 – 2007. Incomes **increased 8%**
- Impacts quality of life and **ability to compete for talent**
- Need for **more discussion** on improving **broad market affordability** – moving beyond provision of social housing

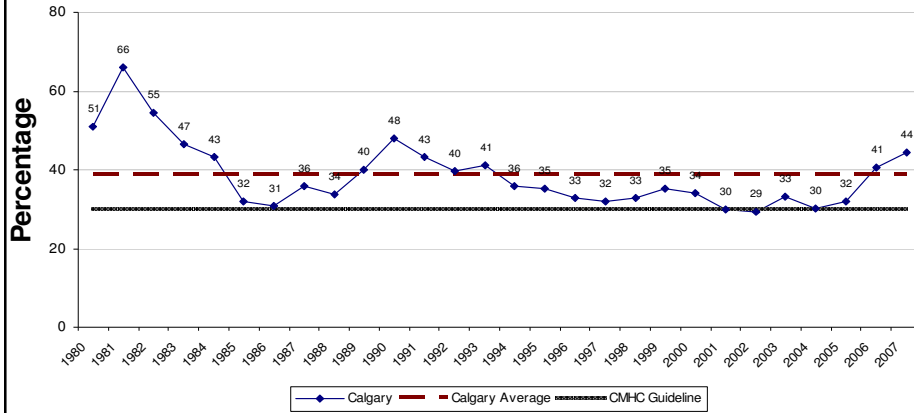


II. Housing Affordability in Calgary

- **Definition:** The ability of households to balance housing costs and non-housing expenditures within budgetary constraints
- Three key measures in the report:
 1. **Median multiple** - *median house price over median income*
 2. **Residual income** - *amount of income available after covering basic needs*
 3. **Fixed ratio with benchmark** - *calculates house costs as a per cent of income and sets affordability benchmark*



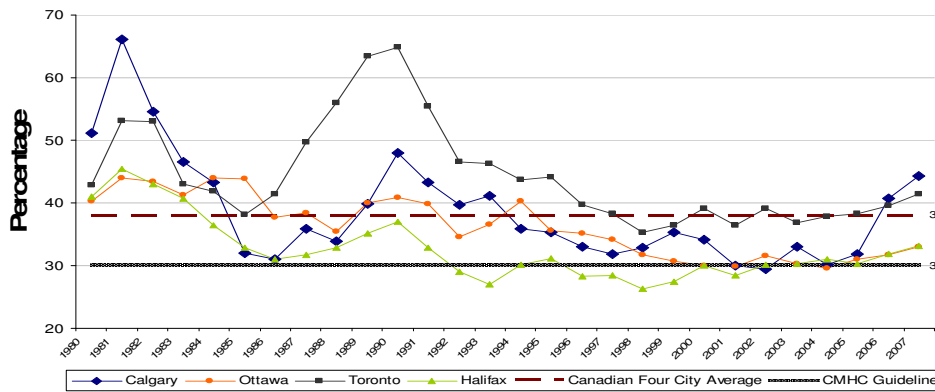
Calgary Housing Affordability: Fixed Ratio with Benchmark 1980 - 2007



As the ratio increases affordability declines



Four City Housing Affordability: Fixed Ratio with Benchmark 1980 - 2007



Calgary now less affordable than comparator cities





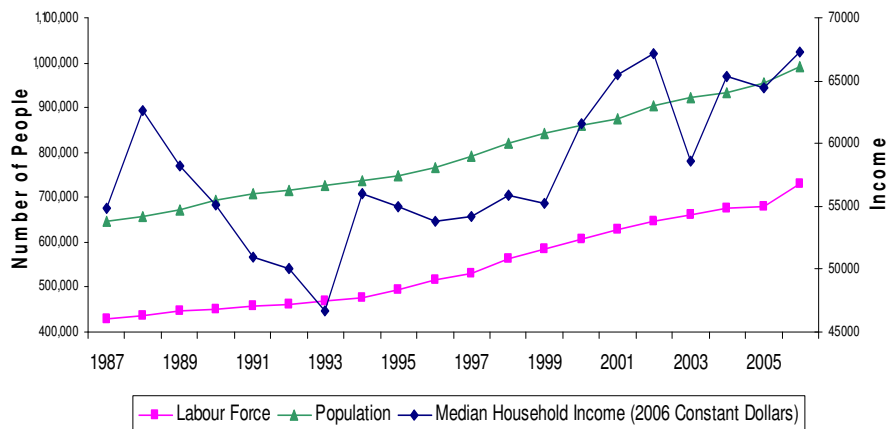
III. Factors Affecting Housing Price

1) 2006 “Demand Shock” in Calgary

- Record annual population growth (3.7 per cent)
- Historically high net migration count
- Record employment growth (7.4 per cent)
- Record household income growth (4.5 per cent)
- Record low vacancy rate (0.5 per cent)
- A near record low interest rate



Demand Factors Affecting Housing Price





III. Factors Affecting Housing Price

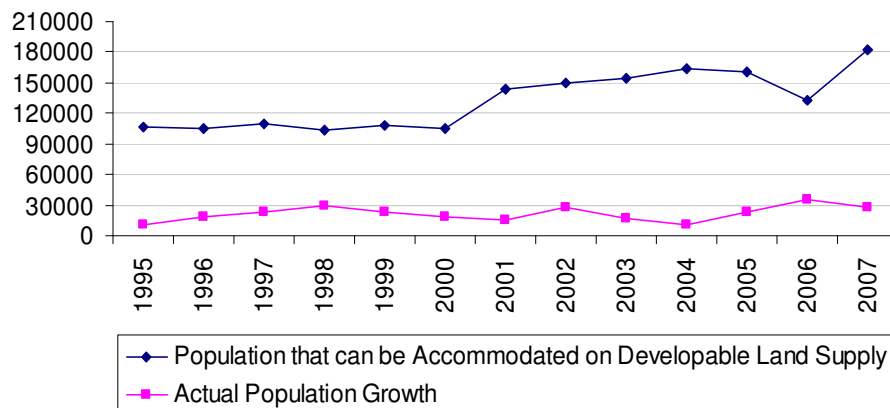
2) 2006 Supply in Calgary

- i. Cost and availability of labour and construction materials
- ii. **Supply of developable land**
- iii. **Supply of rental accommodation**
- iv. **Local government and land use and development policies**
- v. **Local government permitting and approval process**

Governments are best positioned to influence ii, iii, iv and v



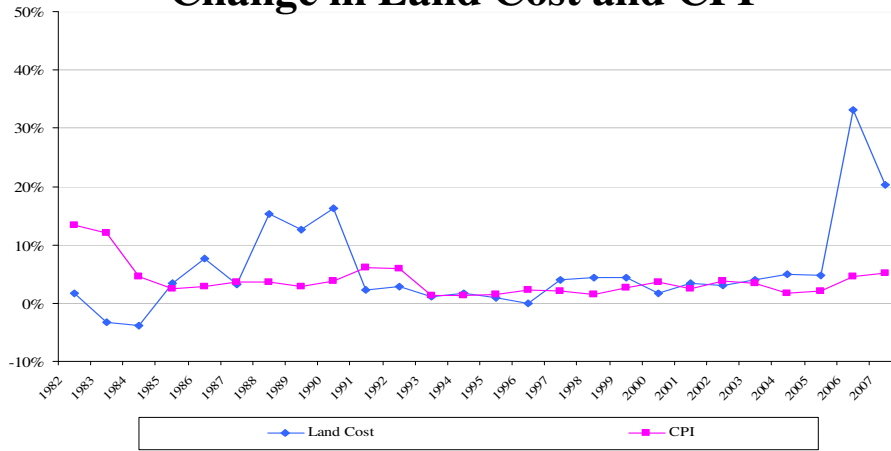
City Supply of Developable Land (Population)



City has 30-year land supply policy. Land supply is not the issue.



Change in Land Cost and CPI



Increased demand = increased land values

Rental Supply

- Significant supply reduction in 2006
- Vacancy rate
 - 2004 – 4.3%
 - 2006 – 0.5%
- Average rent for a 2-bedroom apartment increased nearly 20 per cent

Recommendation

- Permit secondary suites in all residential areas
- Province should provide owner-occupancy requirement



Municipal Land Use and Development Policies

- UniCity concept – 30-year land supply
- Plan It Calgary initiative:
 - 11 sustainability principles to guide growth and inform *Municipal Development Plan (MDP) Review*
 - High-density, mixed-use, transit-oriented, infrastructure efficient communities – will help improve housing and home-ownership costs

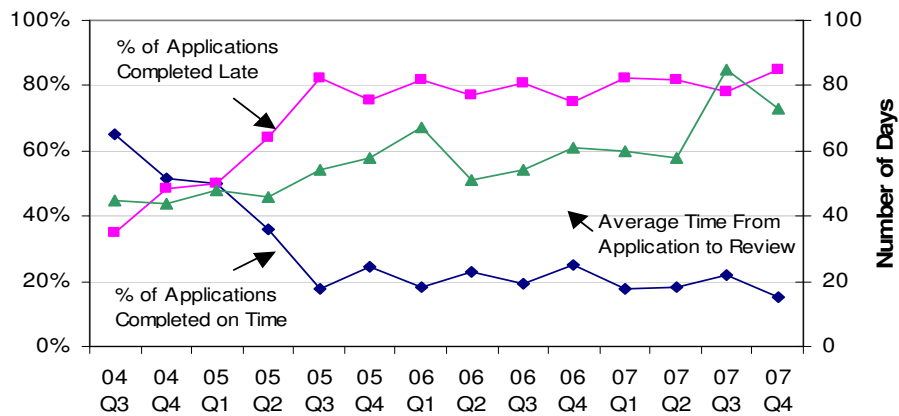
Recommendation

- Adopt affordability as additional principle



Municipal Land Use and Development Process

Timelines for Reviewing Applications (2004-07)



IV. Improving Municipal Planning, Land Use and Development Policies and Processes

Key Findings

- Lack of certainty and consistency in application processes and evaluation criteria
- Five contributing factors:
 1. **Clear policy direction**
 2. **Streamline the planning process**
 3. **Need to take a partnership with industry**
 4. **Need for integrated and informed decision process**
 5. **Council participation and community engagement**

1. Clear Policy Direction

- Council has adopted 11 sustainability principles from Plan It Calgary
- Good – but not yet incorporated in *Municipal Development Plan* (MDP) or subordinates
- Creates inconsistency in evaluating projects and delays

Recommendations

- Adopt sustainability principles in the MDP, and establish clear application evaluation criteria
- Add principles of consistency and efficiency

2. Streamline Planning Process

- Planning process can be further streamlined
- Regional context and area structure plans must be updated under the MDP prior to approving new projects

Recommendation

- Streamline process by incorporating regional plans and existing 40 to 50 policy documents into the MDP

3. Partnership with Industry

- High density mixed use, transit oriented development (e.g Garrison Woods, Mackenzie Towne) involves significant risk
- Joint commitment to these innovative projects not as strong as in 2003

Recommendations

- Incorporate alternative design standards into existing specification book
- Provide transit infrastructure as developments are completed
- Streamline project applications that meet desired objectives
- Develop junior-to-senior planner mentoring and succession program

4. Integrated and Informed Decision Process

- Plan It Calgary requires horizontal integration across business units and a strong internal mandate
- Informed decisions require well-briefed councillors

Recommendations

- City Manager's Office lead horizontal integration and coordination
- Council regularly provided up to date information

5. Council Participation and Community Engagement

- Political sensitivities tied to zoning and development decisions leads to uncertainty in approval timelines

Recommendations

- Ensure all Aldermen have equal weighting on community zoning decisions – Mayor (elected at large) holds deciding vote
- Council to work closely with City Manager's Office to develop principled internal decision framework after zoning approvals
- Council develop consultation protocol where community group input is considered as part of, and within broader citywide context

Discussion

www.calgarychamber.com