



Great cities build affordable housing

**Written by Heather Douglas, President & CEO of the Calgary Chamber of Commerce
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"Human happiness comes not from infrequent pieces of good fortune, but from small improvements to daily life," said the remarkable Benjamin Franklin.

Calgarians, enduring the city's current bust cycle, are looking for any small improvements to their daily lives, or the lives of their less privileged neighbours.

Currently, about one in five Calgary families survives on an income of less than \$38,000 and most spend more than they can afford on basic shelter.

That's despite the recent \$68,000 drop in house prices, with the average home and condo falling by 15% from the high in 2007.

With the downturn in the construction and real estate markets, the Calgary Chamber of Commerce thinks this would be an ideal time to keep the building trades working by erecting more affordable housing, at a time when supplies and loans come at a reduced cost.

That's what great cities do.

Despite the severe economic recession in the U.S., New York City is building 1,132 new units of housing for low and moderate-income families.

Mayor Michael Bloomberg, a 21st century Benjamin Franklin, invested \$3 billion (for 165,000 units) and the city uses Low Income Housing Tax Credits (LIHTC) to encourage developers to take these credits, sell them to investors, and use the equity to finance their housing projects. When the bottom fell out of the equity market, Bloomberg's staff negotiated additional financing from the governor and state legislature to help the developers.

The Chamber acknowledges that affordable housing is tough to build. People with low incomes must be able to pay for the units. These apartments or homes must blend in with the neighbourhood and meet all fire and safety codes.

Calgary, which aspires to greatness, has about 34,650 low-income families which spend more than they can afford on basic shelter. The province has agreed to write a cheque for \$43 million this year and another \$43 million in 2010 to fund 70% of this city's affordable housing bill. City council approved the remaining 30% in its 2009 to 2011 budget.

Like New York, Calgary is evaluating property tax incentives, and the Chamber applauds city hall for this initiative. It is also debating if it should reduce building fees by \$1,000 a unit when the developer applies for a permit.

The Chamber believes a 50% reduction of the bill is reasonable and would save developers from the onerous task of chasing city rebates.



Recently, the city mused about imposing a new and highly contentious real estate transfer tax to pay its share.

It backed away after acknowledging this unfairly penalized one industry and new homebuyers would end up footing the bill. Now it's contemplating an increase to development levies to pay for affordable housing. Our members urge restraint because again, consumers would pay the costs.

The Chamber, a long-time fan of permitting secondary suites in all neighbourhoods, urges the city to revisit this option. Ottawa, Toronto, Vancouver, and Edmonton have all changed their zoning regulations to allow secondary suites and thus eased their housing shortages.

This would reduce the need to build new units as long as each suite met stringent health and safety standards.

The Chamber asks council to communicate its affordable housing plans, obtain public acceptance, and fund this initiative through existing property and business taxes.

Happiness will come when families move into an apartment or house they can afford.

And frequent pieces of good fortune will again smile on us when Calgary hits its next boom.

By then, we will be further along the path to greatness.