



Urban Development Institute – Calgary & Smarter Growth Initiative

28 January, 2016

Affordability Matters : A home for all Albertans





----- Topics -----

- Who Pays for What ?
- Smarter Growth Initiative – Changing the conversation



UDI – Calgary

Mandate

- UDI-Calgary represents all developers, including urban, suburban and commercial, who are building innovative, sustainable built forms that meet the mandate of the Calgary Municipal Development Plan.
- UDI-Calgary’s primary function is to advocate and lobby with the Industry, City Council and City administration to ensure that our members have an adequate land supply, regulatory certainty, planning/timing certainty and a development environment that provides a fair return on their investment, while at the same time providing choice and affordability to their customers.



THE HOUSING GAP

NON-MARKET HOUSING
 GOVERNMENT SUPPLIED

- EMERGENCY & TRANSITIONAL HOUSING
- SUPPORTIVE HOUSING
- SUBSIDIZED RENTAL HOUSING
- ATTAINABLE HOMEOWNERSHIP

INCLUSIONARY HOUSING
 DEVELOPER SUPPLIED

- FINANCIAL SUPPORT
- REGULATORY RELAXATIONS
- ZONING REGULATIONS
- TAX RELIEF

MARKET HOUSING
 DEVELOPER SUPPLIED

- HOMEOWNERSHIP HOUSING
- RENTAL HOUSING

PUBLIC DOLLARS REQUIRED

INTENSITY OF SUPPORT SERVICES REQUIRED

LEVEL OF INCOME REQUIRED

Key drivers for market housing

- City priority:

cost recovery + benefit allocation =
financial sustainability

- Industry priority:

certainty + adapting to marketplace =
competitiveness + business sustainability

Who Pays for What?

- Principle: Benefit Allocation
 - Those that benefit from growth should pay to the extent to which they benefit.
- Depends on where you are digging
- Doesn't matter what you are developing

Who Pays for What?

- In Greenfield developers pay 100% of the costs inside a new community. Outside (offsite) they pay levies to cover the costs of ‘connecting’ to City services.
 - Water, Sanitary, Storm, Transportation, Community and protective services
- In Established areas developers pay for the cost of new water and sanitary treatment and any costs that trigger (necessitate) an infrastructure upgrade.



Who Pays for What? ..cont'd

- The City pays operating expenses and for infrastructure and capital projects not directly related to growth covered by developers.
- City Revenues:
 - Property Taxes, Utilities Rates, Levies and User Fees, Grants from higher levels of government.

Other Costs?

- Development fees and levies are the most visible costs to the Industry.
- Many ‘other’ costs that all add up to additional burden to the overall price of a new home.
 - Federal/Provincial building codes & compliance
 - New Municipal standards /policy
 - Land dedication and efficiencies (MR, SR, EOS)
 - Time Delays from lengthy approvals process



What is the additional cost to a new home owner?

- Study from one major developer in Calgary looked at additional burden when comparing development components from recently completed communities to new master planned communities being developed.
- Unit costs based on 20UPH (various unit types).
- Additional costs from all components = \$51,500/unit
- This represents 13% of the cost of a \$400K home.



What does it mean?

- Whatever the total development and building costs are.... The Consumer will pay.
- Choice and affordability are beneficial to the Industry, the consumer and the municipality.
- Costs might not seem to be an issue for each individual initiative or regulation, but in aggregate layered costs become onerous and have a direct effect on affordability.
- Question? :- Are they all necessary? Let's review!



SGI

[Smarter Growth Initiative]



Smarter Growth Initiative Mandate

- The Smarter Growth Initiative (SGI) is a collaboration between the Urban Development Institute – Calgary and the Canadian Home Builders' Association – Calgary Region.
- The SGI's mandate is to educate and engage Calgarian's in dialogue around trends and issues in planning and development.
- SGI aims to foster important conversations about growth in the region and the importance of Industry and all levels of government working together.



Smarter Growth Initiative (SGI)

- The cornerstone to the SGI is in-depth research that SGI contracted to provide detailed data by which SGI bases its communications.
- First major survey (June 2014) of 1,200+ citizens, politicians, business leaders and stakeholders concluded that vast majority are under informed on issues surrounding growth and development.
- Second annual survey in June 2015.



Highlights from the research

- Only 7% said they are ‘very knowledgeable’ about growth and development issues.
- Impressions of Industry not positive.
- Vast majority ‘love where they live’.
- Most support densification and revitalization until it affects them.
- Only 14% thought developers pay for infrastructure inside their developments.



Highlights.. Cont'd

- People don't want to be told where to live. They want diversity of location and product.
- 66% live in a SF home. People like SF homes.
- What motivates home buyers?
 - 81% amenities
 - 79% affordability
 - 54% walkability
- Industry gets blamed for things it doesn't do, and gets no credit for the things it does.



Strategy for SGI

- Address issues and myths
- Be Informative, not confrontational
- Supportive of smarter growth and MDP
 - complete communities, diversity of housing options, density (up & out)
- Use all communications mediums
 - Website, Social media, traditional media, video and hard copy publications.



SGI publications





SGI Success

- Target audience referring to and using SGI
- Huge viewership of books, videos & website
- Regular posts and updates on the website
- Collaboration and support from City.
- Stakeholders using publications and videos to support events and initiatives.
- Interest from Edmonton and Toronto.

www.smartergrowth.ca



Thank you