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I welcome the opportunity to speak to you today at this symposium. I should point out I am not representing UDI. I was approached independently by the Ministry to speak... so my views do not necessarily represent those of the industry or Carma. I'd like to point out a correction in my bio.... I'm not presently the UDI Chairperson, I'm a past Chairperson of the Edmonton Chapter but am still involved with the Institute. I've been a supporter for about 25 years.

My comments today will be a combination of general observations and some specific suggestions or recommendations as it pertains to the land development process and the affordability of serviced land. Unfortunately I have little expertise in seniors housing or special needs housing so my comments are limited in those areas. By the way, why do we put seniors housing on a pedestal over other age groups? Do seniors rate higher for affordable housing over baby boomers or generation xers, or echos? It sounds like reverse discrimination to me by excluding those other age groups from this symposium.

The affordability of housing... Whose responsibility is it anyway? Is it the governments? Is it the Industry's? Is it society as a whole? Or is it all of the above?. In my opinion, all these parties have some responsibility, but to varying degrees. I think the government as representative of society must set the framework so that affordable housing can be accessed.

The Province as a whole does not have an affordable problem. One can still buy a new home in most cities for under \$100,000 and a used home (maybe an apartment) for \$70,000. Compare that to SW Ontario or the lower mainland of B.C. There are merely a few hot spots where affordability is constrained such as Calgary, Canmore, Brooks and Fort McMurray.

How does the government, or governments, set the framework for affordable housing?

In terms of the federal and provincial governments, they need to provide a tax regime which encourages economic growth. Economic growth provides job opportunities so that the disenfranchised may find employment, or better their employment, increase their disposable income and therefore improve on their ability to purchase, or rent a home. Now the assumption here is that income will go up in proportion to the cost of housing.... Alberta, otherwise this model does not work.

In a perfect market economy, wages will rise as job opportunities increase....but we know this does not always happen. When the seeker of low income housing can still not afford the most affordable rental, then in my view the government, as a representative of society, must play a role in subsidizing the seeker. A statistic I have heard estimates that there are

30,000 Edmonton families who spend more than 30% of their gross income on housing. Clearly the senior two levels of government have a role to play in subsidizing the people, not the project as was done in the past with the various federal and provincial housing programs. This is a point I wish to emphasize. We've talked about income subsidies. We've talked about rent subsidies. It makes sense to subsidize the people so they can make a choice in selecting their housing needs. In other words let them be inconspicuous in the housing stock. Don't concentrate social housing, or subsidized housing, in a particular project, or area.

In terms of the municipal governments the most important thing they can do is to ensure an ample supply of serviced land.

As far as the price of serviced land is concerned, it is most influenced (above all other factors) by the law of supply and demand. If there is a perceived shortage in the market then the price of raw land goes up dramatically as we are seeing in the high growth communities such as Calgary, Canmore, Fort McMurray, etc. The price of raw land is where affordability or non affordability starts. If raw land costs \$5,000/ac. then a serviced lot costs \$30,000. If raw land costs \$75,000/ac then the same serviced lot costs \$50,000.

Municipalities across this Province must move to ensure a 30 year supply of serviced land is always in the approval pipeline. This is the most important message I have to deliver. Each Municipality should have in their MDP how and where they are going to grow over the next 30 years. If they don't have enough land within their boundaries for 30 years, then they should annex land, or they should amalgamate with surrounding municipalities so that jointly they will have a 30 year supply. An ample supply of land means competition, and competition means lower prices

Municipalities also have to look at the most cost effective way to service the most amount of land. In other words, where are they going to get the biggest bang for the buck by investing in infrastructure. Where can we bring on the most land by investing in sewers, by investing in roads, by investing in water treatment plants, etc. It's all in an effort to increase the supply so that prices for raw land and serviced lots do not get bid up disproportionately.

Now some of you may say.... oh that just leads to urban sprawl. Well let me say a few words about so called urban sprawl.

We do not have urban sprawl in this Province. Our cities are compact, we have orderly controlled growth. Sub-divisions are connected they are mostly contiguous, one after the other. Urban sprawl is found in the USA where development really is hop-scotch, here, there and everywhere. In Canada and particularly Alberta our suburban densities are likely somewhere between 4 and 5 units per acre. In many US cities that is considered high density. In Denver for

example, a 55 ft. lot is considered tiny and some municipalities prohibit lots smaller than 55 ft. So we in Canada and Alberta are much more efficient when it comes to land use.

I would now like to talk about servicing costs and how this relates to affordability. It is a factor, but not nearly as important a factor as the supply factor as I have just outlined. For infrastructure, though bigger is better. What I mean is municipalities and the industry have to work together to cost share infrastructure like large diameter sewer pipes which will service large areas. The industry and municipalities must work together to cost share arterial roads which will service large areas. Neither the developers (new home owners), nor the municipalities (existing tax payer) can afford to pay for this big infrastructure on their own. It's got to be a negotiated cost sharing agreement incidentally. The new home buyer or the new home renter constitutes only about 1½% of the total housing stock on an annual basis. Therefore I ask you is it fair for the new home buyer to pay for all of the cost of growth. Arterial roads and express ways are used by everyone, therefore every taxpayer, new and old should pay a portion of the major road costs.

We've talked about levies and there definitely is a trend to higher new development charges, or levies which will be placed on the new home buyer or new home renters as municipalities pass on more costs. The housing and development industry realizes this and is willing to pick up its fair share of the increased costs which we pass on to the consumers. You know it's so easy for a politician to say "have the new people pay for this, we don't want to increase taxes one bit", but the reality is...with more down loading of costs onto the municipalities property taxes must go up.

There are some savings in servicing components which help affordability.

Examples would be:

1. Allowing sidewalks on only one side of the street.
2. Eliminating separate walks (no boulevards)
3. Allowing gravel lanes instead of paved lanes.
4. Reducing street widths.
5. Allowing overhead electrical power instead of underground. Are power poles that ugly, really?

Concerning land use and zoning, there are a number of things which can be done to improve the affordability of housing; such as reducing side yard requirements, reducing front yard requirements, eliminating discretionary zoning i.e. D.C. These are all factors that the industry and municipalities should investigate...but the most important thing however, and I repeat is to ensure a 30 year supply of serviced land is in the approval pipeline at all times.

Let's talk for a minute about inner city development versus suburban development. There are many pitfalls about developing affordable housing in the

inner city (and by inner city I'm taking about - say for Edmonton and Calgary, a five mile radius of City Hall).

1. The land is more expensive than the suburbs.
2. Infrastructure is usually worn out, or needs upgrades and hence the cost of servicing is higher - i.e. Carma's experience in Rosedale.
3. There are neighbours...and neighbours have opinions. They often object to what a developer is proposing...affordability means high density, high density means objections, so you have the NIMBY factor coming into play...and if you try market housing (non subsidized) in an all ready subsidized area such as the Boyle street McCauley Area in Edmonton...you have the reverse happening...buyer resistance (even though it is affordable) because of the perceived stigma of the area.

What is the solution? I am not saying all new development should go to the suburbs. There needs to be a balance between the suburbs and inner city - because there are of course advantages to the inner city such as proximity to services, convenient bus routes, amenities, etc.

Industry must play a role by catering to all markets. It just makes good economic sense for a developer to cater to all market housing in his subdivision.

Municipalities however should not legislate the "type" of housing...let the competitive market place supply what is needed.

As was mentioned in the introduction, I am involved on the periphery in the subsidized housing sector as a volunteer member of 2 Boards.

What I see happening there is both good and bad. It is good in the sense that the federal government and the provincial government have decided they both do not want to be in the business of constructing new or owning new housing units...and this is good, governments do not have to be owners of apartment blocks or townhouses. The bad news is, it appears they also do not want to maintain the subsidies on existing projects, projects which they have supported for years and projects which serve a need.

As a Board member of the City of Edmonton's Non-Profit Housing Corporation, I experienced this first hand. In 1996 NPHC found itself in a growing deficit position with its portfolio of approximately 900 units. This deficit was as a result of several factors, including declining rents, increased operating costs, due to the age of the units (about 25 years) but primarily the deficit was due to the expiry of provincial subsidies on the mortgages. City Council turned us down for additional funding, so we approached the Province, the then Minister of Municipal Affairs would not agree to write down these mortgages so that we could afford to make the payments and stay viable so we ended up turning this project over to the Province (237 units to be exact) and they have subsequently been sold on the open market. So the City of Edmonton NPHC has lost 237 units forever. We will never get them back to service a need for low income families, all because the Minister refused to write down the mortgages.

So the Province in this area must offer a stable long term supportive role which won't change over time. A long term rent supplement program by the Province maybe the answer in this regard.

There is the Edmonton Coalition on Homelessness and there is in Calgary, a Steering Committee on Homelessness. Other Cities in Alberta may also have groups interested in finding solutions to their particular homeless populations.

One thing is certain, homelessness is growing in the major cities and solutions have to be found. In Calgary the number of homeless people is estimated to be in excess of 1,000. Again its society's problem, or opportunity, depending how you look at it.

I know in Edmonton ECOH is looking at housing trusts, and land trusts as a means of supplying housing for low income persons, including the homeless.

Under the housing trust model dedicated funds are set aside annually from either governments, charitable organizations, or other agencies. There perhaps are some charities and corporations who will donate funds. The funds sole purpose is to make loans or grants for the establishment of low cost housing. This concept has been popular in the U.S., but it has not yet been proven in Canada.

So to conclude my presentation, I would emphasize two things:

1. If municipalities are serious about affordable housing, make sure there is a 30 year supply of land always available in the approval pipeline.
2. If the Province is really listening to Albertans and Albertans are saying... "look after those who cannot afford the least expensive form of market housing"... then expand the rent supplement program so that these individuals and families can have decent housing.