



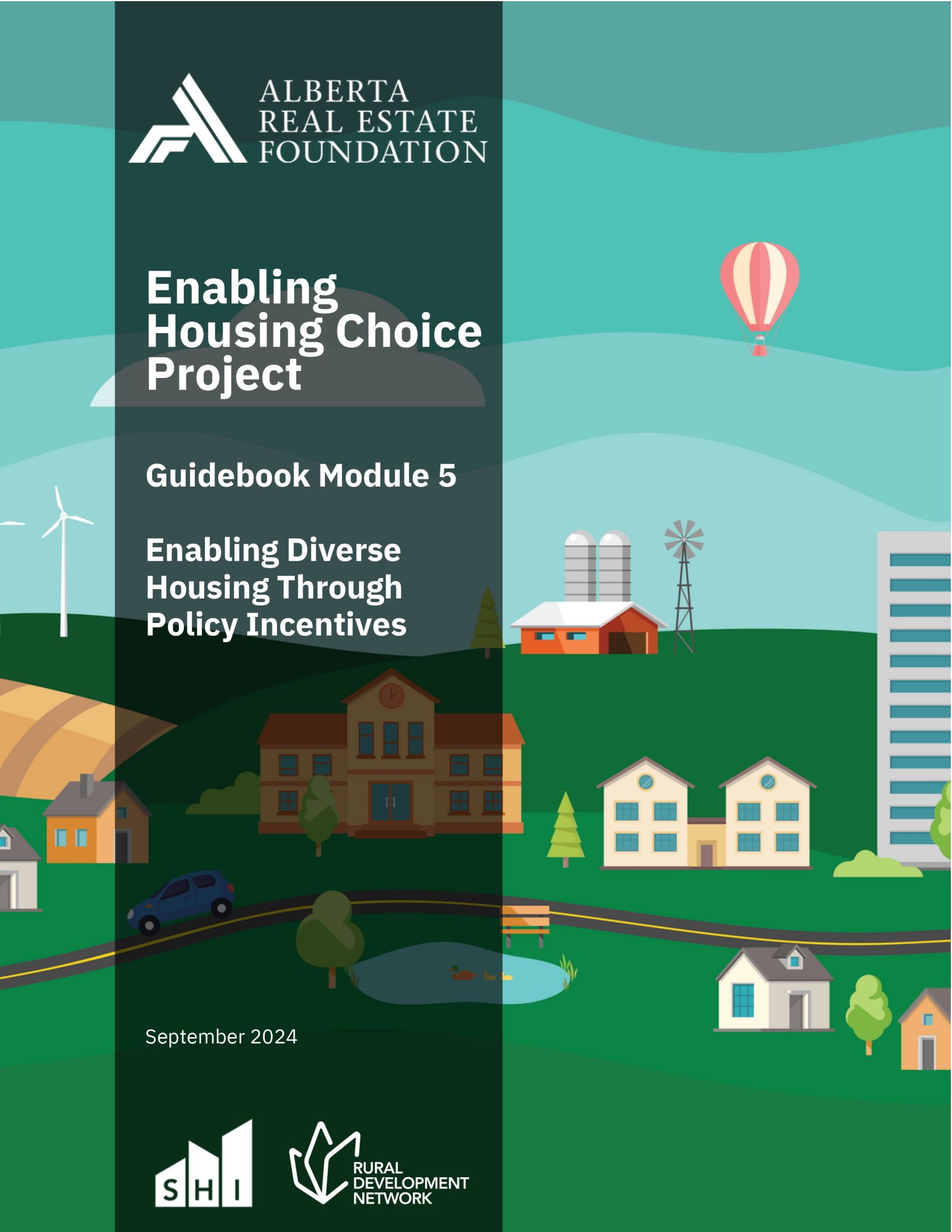
ALBERTA
REAL ESTATE
FOUNDATION

Enabling Housing Choice Project

Guidebook Module 5

Enabling Diverse Housing Through Policy Incentives

September 2024



LAND ACKNOWLEDGMENT

The Enabling Housing Choice (EHC) team wants to acknowledge our connection with the ancestral peoples who have been on this land for millennia.

RDN's physical office is located on lands traditionally known as amiskwachiwaskahikan (A Miss Gwa Che Wuss Sky Gun) - aka Beaver Hills House, or Edmonton, the historical land of Treaty 6 Territory, which is also within the Metis Nation District 9.

We acknowledge and confirm our commitment and responsibility to foster better relationships with Indigenous peoples, and to improve our own understanding of the unique and diverse cultures of local First Nations, Inuit and Metis people. We make this acknowledgement as an act of reconciliation and gratitude to those whose territory we gather on.

RDN is committed to connecting our programming to the recommendations of the Truth and Reconciliation Commission, the Missing and Murdered Indigenous Women and Girls Report, and the United Nations Declaration on the Rights of Indigenous Peoples as benchmarks for our reconciliation journey.

It is our sincere hope that the information provided in this guide will help communities address their own unique and diverse housing needs, and provide greater housing security and inclusion for both Indigenous and non-Indigenous peoples, both in the community and the surrounding area.





PROJECT ACKNOWLEDGMENTS

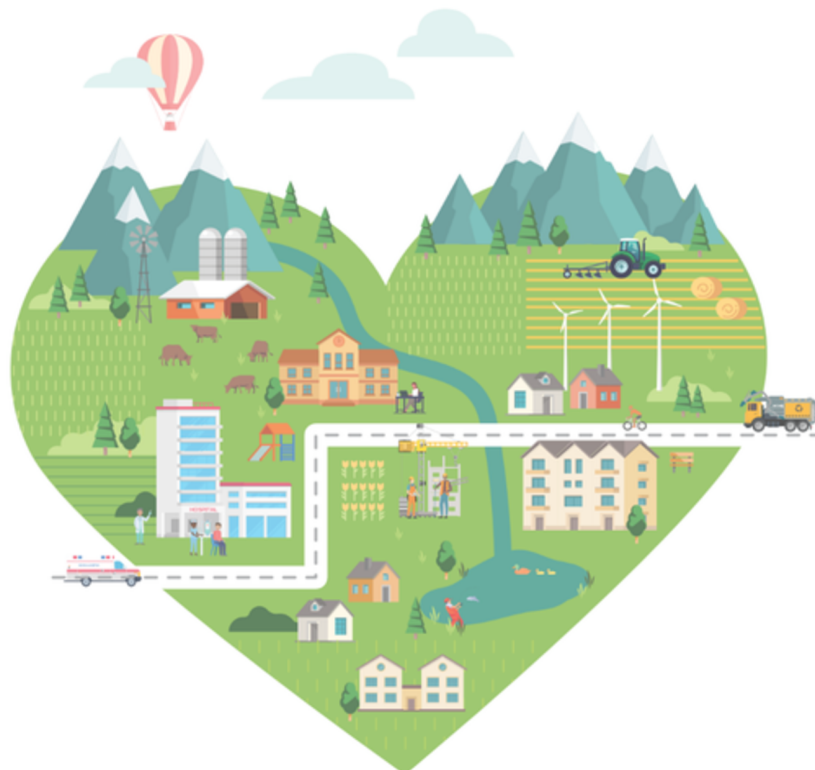
First, the Enabling Housing Choice (EHC) team wants to thank the Alberta Real Estate Foundation (AREF) for their funding and support in this research project.

We also want to acknowledge the 6 Alberta communities that participated in this research: (alphabetically) City of Airdrie, Town of Bow Island, Town of Claresholm, Town of Mayerthorpe, Town of Pincher Creek and Town of Trochu. These communities embraced the EHC team's mandate and research process, enabling them to collect practical and compelling information about current housing issues, barriers and opportunities in their community.

Finally, we want to express our gratitude to the housing stakeholders who participated in the various community engagement exercises that were conducted for this project. We appreciate the time and effort you dedicated to sharing your insights, identifying challenges, highlighting opportunities, and suggesting ways to improve housing diversity in your community. Your contributions have played a vital role in shaping the understanding of the current housing landscape and guiding the research towards meaningful solutions. Your generosity and willingness to collaborate have been instrumental in our goal to facilitate a more inclusive and diverse housing environment, both in your community and across Alberta.

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MODULE 5: ENABLING DIVERSE HOUSING THROUGH POLICY INCENTIVES

MODULE 5 OF 8

INTRODUCTION

As part of the Sustainable Housing Initiative (SHI) at the Rural Development Network, the **Enabling Housing Choice Project (EHC)** was set up through funding from the Alberta Real Estate Foundation. The EHC project's mandate was to conduct research focusing on housing issues, challenges and opportunities in a select group of rural Alberta communities, and then provide suggestions/recommendations to facilitate diverse housing development in those communities.

As part of the research process, local housing stakeholders - residents, home builders, developers, municipal staff and more - were engaged to provide insights into local housing matters. From this research the EHC team worked with the communities to prepare suggestions/recommendations to update their existing policy incentives and explore new incentives in order to support diverse housing development in their community.

PURPOSE

The purpose of this module is to provide advice to rural municipalities on how to explore, enhance and promote policy incentives that help enable the development of diverse housing types and attract housing development in their communities.



1.1 WHAT ARE POLICY INCENTIVES?

Policy incentives for diverse housing can vary depending on the specific goals of a municipality and the needs of their population. Some common policy incentives for housing include:

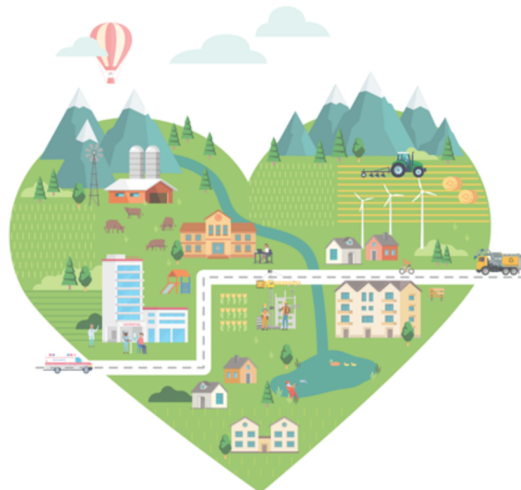
Subsidies and Grants: Municipalities may provide financial assistance to developers or individuals to encourage the construction or renovation of diverse or affordable housing units. These subsidies can help reduce the overall costs borne by developers/builders during the development process.

Tax Credits/Exemptions: Municipal tax credits can be offered to developers who build diverse housing units. These credits or rebates can help alleviate the upfront costs associated with housing development, while helping reduce financial risks for developers and builders until the housing unit is sold.

Public-Private Partnerships: Incentives that encourage collaboration between the public and private sectors in the development of diverse housing projects. These may be provided through any level of government (municipal, provincial or federal). This can include providing land at reduced costs, offering regulatory flexibility, or cooperative development funding.

Regulatory Streamlining: Streamlining regulatory processes can reduce the time and cost associated with developing housing projects, making it more attractive for developers to invest in diverse housing.

NOTE: Streamlining regulatory processes is further discussed in [Module 4: Enabling Housing Diversity Through Land Use Bylaw Updates](#)



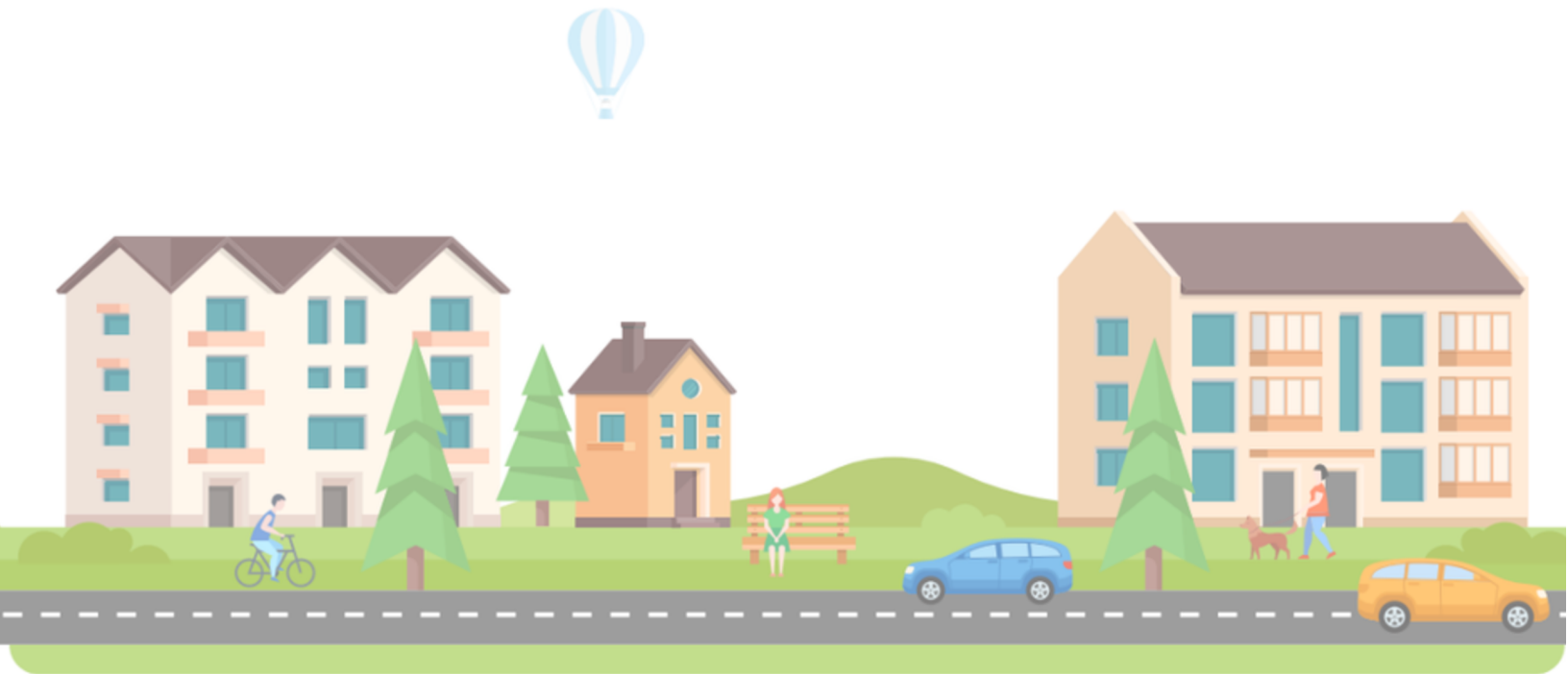
COMMUNITY CLOSE-UP: TAX REFUND INCENTIVES IN CLARESHOLM

In 2022, The Town of Claresholm implemented, *Bylaw #1741: Residential Tax Refund*, to encourage and assist development in their community.

In short, the policy incentive allows the Town to provide a refund of all or part of the municipal portion of the taxes for eligible properties over a three-year period, which include:

- vacant residential land that is being held for resale in the Town of Claresholm, where more than twenty (20) lots were subdivided but are still unsold, and
- residential land that is being improved with development (new residential construction)

This policy is a typical example of a tax credit/exemption policy incentive that helps to reduce overall costs for developers and builders who are constructing new housing units in a community,



1.2 WHY ARE POLICY INCENTIVES IMPORTANT?

Policy incentives are essential for **attracting developers and builders** to rural municipalities, where housing needs can often be overlooked or neglected. Rural areas typically face unique challenges such as lower population densities, limited infrastructure, and higher transportation costs. Additionally, while land availability in urban areas may be limited and more expensive compared to rural areas, developers may find that the potential returns on investment in urban land outweigh those in rural areas.

In a rural context, policy incentives can help reduce rising construction costs by offsetting some of the financial burdens associated with housing development. This can be accomplished by:

- Providing subsidies, tax credits, and low-interest loans that can alleviate the high costs of land acquisition, labor, materials, and regulatory compliance.

Throughout the **Enabling Housing Choice Project**, the EHC Team encouraged partner communities to **explore, enhance and promote** policy incentives that can help developers and home builders respond to their diverse housing needs.

EXPLORE: Investigate and adopt policy incentives that can assist developers and homebuilders in constructing housing that meets your community's needs

ENHANCE: Amend and improve existing policy incentives to further entice developers and homebuilders to construct housing in your community

PROMOTE: Highlight and advertise housing policy incentives to generate increased development interest in your community

1.3 EXPLORING POLICY INCENTIVES

For rural municipalities, exploring policy incentives for diverse housing is essential in fostering diverse housing development and attracting developer interest. When exploring potential policy incentives in a rural community it is important to consider the following:

Housing Needs Assessments: Conduct a thorough assessment of the community's housing needs and demographics to understand the demand for different types of housing, including affordability levels, housing preferences, and demographic trends.

Stakeholder Engagement: Involve a diverse range of stakeholders in the policy development process, including local residents, community organizations, developers, builders, policymakers, and housing advocates. Their input can provide valuable insights into local priorities, challenges, and opportunities.

Policy Alignment: Ensure that policy incentives align with broader community goals, land use plans, and regulatory frameworks. Policies should support sustainable development, promote affordability, enhance livability, and contribute to the overall well-being of residents.

Financial Sustainability: Consider the financial sustainability of policy incentives and their long-term impact on municipal budgets, revenues, and resources.

Collaborative exploration of policy incentive options, with input from various stakeholders - municipal administration, developers, builders, property / land owners, homeowners, and community members, ensures that policies align with local priorities and values.

It's crucial to identify and implement incentives that are not only effective but also enticing enough to convince developers to build diverse housing types in the community.

CASE STUDY: AFFORDABLE HOUSING POLICY INCENTIVES IN AIRDRIE

Background: On September 18, 2023 the City of Airdrie adopted the ***Affordable Housing Incentive Policy*** to support the creation of affordable housing projects within the City, by exempting new affordable housing construction from municipal development permit and building permit fees. Prior to the adoption of the policy incentive, the City of Airdrie had not previously offered incentives to both not-for-profit and for-profit applicants looking to develop and build affordable housing units.

The exploration and adoption of this policy incentive aligns with key recommendations put forth in RDN's Housing Landscape Opportunity Analysis (2023), and is a positive step forward for Airdrie in addressing their critical shortage of affordable housing units.

Research: As part of the ***Enabling Housing Choice Project*** partnership with the City of Airdrie, RDN and Airdrie's Housing Policy Strategist conducted interviews and focus group discussions with a variety of key housing stakeholders operating within Airdrie's housing landscape: administrative staff, elected officials, local developers/homebuilders, and not for profit housing agencies.

A frequent discussion point with engagement participants revolved around municipal tools the City could explore to help facilitate the construction of affordable housing units, while minimizing financial risks borne by developers and builders in the process. High costs related to housing construction is a common barrier for developers and homebuilders, and in some cases can be alleviated by municipalities during the permitting process phase.

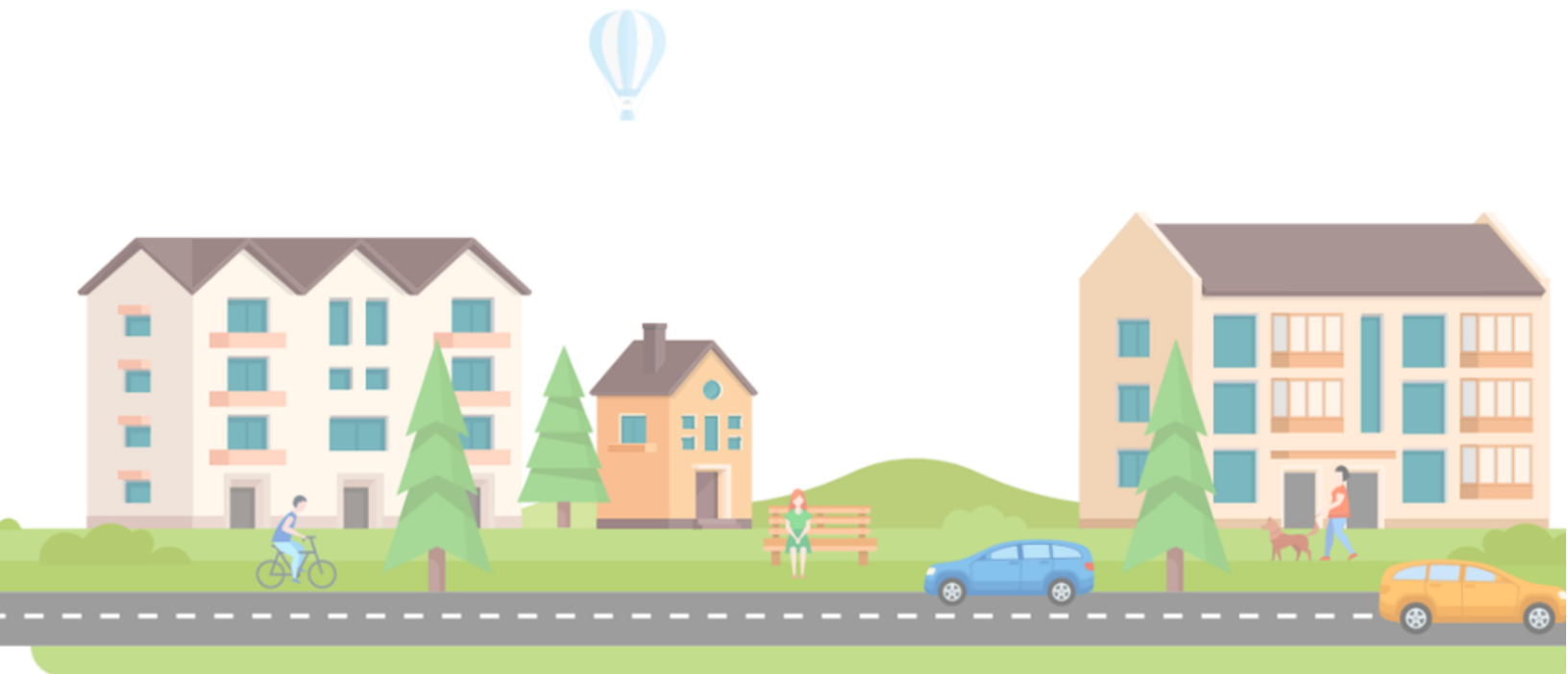
Informed by these discussions, the City of Airdrie developed a policy incentive and development agreement strategy to encourage private and non-profit organizations to develop housing that will remain affordable for at least 15 years.

Conclusions: As the ***Affordable Housing Incentive Policy*** is relatively new to the City of Airdrie, it is perhaps too soon to gauge the overall impact that the policy has had for enabling the development of affordable housing in the City. However, the policy incentive serves as a positive example of the due diligence required in exploring potential policy incentives that address housing needs in a community.

By conducting extensive research, community engagement and conversations with relevant stakeholders, the City of Airdrie was able to develop a policy incentive that targets a crucial housing need in their community.

Relevant Resources:

- *Airdrie's Affordable Housing Incentive Policy (2024)*
- *Claresholm's Bylaw #1741: Residential Tax Refund (2022)*.



1.4 ENHANCING EXISTING POLICY INCENTIVES

For rural municipalities that have already implemented existing policy incentives, it is important to continuously monitor their overall effectiveness and identify opportunities for enhancing them to respond to current housing needs.

Suggestion: When enhancing existing policy incentives, it is important to consider the following:

Stakeholder Engagement: Continuously engage with local housing industry stakeholders to gauge the efficacy of the existing policy incentive as it's currently structured. Key questions to ask stakeholders could consist of:

- *Is the current policy incentive enticing enough to developers or homebuilders to encourage them to construct new housing?*
- *Is the overall duration/time-scale of the policy incentive enough to be effective?*
- *Is the current policy incentive useful in helping developers or homebuilders overcome construction/development-related barriers?*

Community Engagement: Engaging with community members is essential to understand evolving housing needs, preferences, and challenges. Solicit feedback through surveys, town hall meetings, and focus groups to ensure that policy enhancements align with local priorities and address local housing needs.

Data Analysis: Utilize data-driven approaches to assess the effectiveness of existing policy incentives and identify areas for improvement. Analyze housing market trends, demographic data, and economic indicators to inform decision-making and prioritize initiatives that maximize impact.

Monitoring and Evaluation: Establish mechanisms for monitoring, evaluating, and reporting on the outcomes of policy enhancements. Track key performance indicators, such as housing affordability, availability, and diversity, to assess progress towards established goals and identify areas for further improvement.

CASE STUDY: ENHANCING MAYERTHORPE'S DEVELOPMENT TAX INCENTIVE

Background: The Town of Mayerthorpe has continually been exploring ways to attract investment and enable housing development in their community. Out of the six municipalities that participated in the Enabling Housing Choice project, Mayerthorpe had implemented the greatest number of policy incentives aimed at reducing overall costs for developers and homebuilders.

In response to key enhancement recommendations outlined in the *Enabling Housing Choice Project* report, *Attracting Diverse Housing Development in Mayerthorpe*, the Town amended their *Development Tax Incentive* in February 2024, to provide extended tax rebates to further entice developers and homebuilders to develop housing in Mayerthorpe.

Research: Through the EHC partnership with Mayerthorpe, local housing stakeholders provided valuable insights and perspectives on the Town's existing policy incentives. Community engagement sessions with town administrators, elected officials, planners, as well as local developers, and homebuilders provided firsthand knowledge about the effectiveness and impact of the current incentives, as well as areas for their improvement or enhancement.

Overall, five policy incentives were reviewed and assessed by participants. Each was asked if they had heard/knew of the policy incentive, and if so, whether they believed the incentive was sufficient for generating housing development in Mayerthorpe.

A common theme that emerged from the discussions with developer and homebuilder participants was the potential for enhancing Mayerthorpe's current incentives, and extending their overall duration. As one developer noted: *"The best incentive for a developer is the postponement of costs. This is not asking to be taken off the hook for costs, but if some of the upfront costs are deferred to the end of the project, lot sales can later cover the startup costs."*

Conclusions: Utilizing the feedback from the engagement process, the Town of Mayerthorpe amended their **Development Tax Incentive** in March 2024, making the following enhancements:

- More clearly defining which residential housing types qualify for the incentive;
- Extending the overall duration of the policy incentive from three to five years;
- Extending the eligible housing types to include manufactured homes and accessory dwelling units;
- Adding an additional tax rebate for apartment developments that include a third floor (promote density).

Since these changes have only recently been implemented, it is too soon to assess the immediate overall impact that the amendments will have for incentivizing diverse housing development. However, these enhancements show the importance of making incremental improvements to policies that respond to the evolving housing needs of the community, and that also respond to the feedback provided by local housing stakeholders.

Relevant Resources:

- [Mayerthorpe's Development Tax Incentive \(2018\)](#).



1.5 PROMOTING POLICY INCENTIVES

Advertising and promoting development incentives to developers, builders, and property owners holds crucial importance for a municipality's growth, economic vitality, and long-term sustainability. Effectively communicating these incentives can lead to a range of positive outcomes:

Attracting Investment: Clear and compelling promotion of development incentives can attract developers, builders, and property owners to consider a municipality as a viable and attractive location for their projects. This can stimulate increased investment in the community, leading to the creation of new developments, job opportunities, and economic growth.

Enhancing Competitiveness: Effective promotion of incentives can set some municipalities apart from other communities and regions competing for the same investment and development project dollars. By showcasing the unique benefits and opportunities that your community offers, this can position your community as a preferred destination for developers and builders.

Encouraging Collaboration: Promoting development incentives can foster collaboration between municipal government, local businesses, and property owners. When stakeholders are aware of the incentives available, they may be more willing to work together to realize mutually beneficial projects that contribute to the community's development and prosperity



1.5.1 POTENTIAL PROMOTIONAL AND ADVERTISING PATHWAYS

- **Public Awareness Campaigns:** Launch targeted public awareness campaigns to inform residents, property owners, developers, and other stakeholders about the available housing policy incentives. Use a mix of communication channels, including social media, websites, newsletters, and local newspapers, to reach a broad audience.
- **Educational Workshops and Seminars:** Organize workshops, seminars, and information sessions to share the details and benefits of the housing policy incentives with stakeholders. Provide guidance on eligibility criteria, application procedures, and potential outcomes to encourage participation.
- **Partnerships with Stakeholders:** Collaborate with local housing advocates, developers, real estate professionals, nonprofit organizations, and other stakeholders to promote housing policy incentives collectively. Leverage their expertise, networks, and resources to amplify the municipality's messaging and reach a wider audience.
- **Incentive Packaging and Marketing Materials:** Create attractive marketing materials, brochures, fact sheets, and case studies that highlight the benefits of housing policy incentives. Use compelling visuals, success stories, and testimonials to showcase real-world examples of how the incentives have made a positive impact.



Moving Forward

Is your municipality or organization looking for ways to attract developer interest and investment in your community? At the Rural Development Network, our Sustainable Housing Initiative team can help you create, enhance and promote policy incentives that will enable diverse housing development.

Whether your policy incentives are in need of updating, or you're unsure where to start in developing a policy incentive, our team is excited to start the conversation and explore tailored approaches that will respond uniquely to your housing aspirations.

Furthermore, at RDN, we believe in the power of collaboration and innovation to drive meaningful change. Our Sustainable Housing Initiative is designed to assist your community in enabling housing diversity and choice through comprehensive assessments, strategic planning, and actionable recommendations.

We also offer expertise in housing needs assessments, regulatory adjustments, and identifying funding opportunities, ensuring that your community can achieve its housing goals. Let us help you build a stronger, more inclusive community where everyone has a place to call home. Contact us today to learn how we can partner with you to create lasting, positive impacts in your community.





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