

# Enabling Housing Choice Project

Preliminary Research

Report #1: Housing & the Economy

April 2022



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#### LAND ACKNOWLEDGMENT

The Enabling Housing Choice Project encompasses all of what we call Alberta, and is the traditional and ancestral territory of many peoples, presently subject to Treaties 6, 7, and 8 including the Blackfoot, Cree, Dene, Saulteaux, Nakota Sioux, Stoney Nakoda, and the Tsuu T'ina Nation and the Métis People of Alberta. We acknowledge the many First Nations, Métis and Inuit who have lived in and cared for these lands for generations. We are grateful for the traditional Knowledge Keepers and Elders who are still with us today and those who have gone before us. We make this acknowledgment as an act of reconciliation and gratitude to those whose territory we reside on and that which we refer to in this research.

RDN is committed to supporting the implementation of the Truth and Reconciliation Commission of Canada's Calls to Action, and believes in the need for meaningful engagement and consent with Indigenous peoples in the community. Colonialism is a current ongoing process, and we need to build our mindfulness of our present participation. As this project specifically touches on development and planning concepts which are built on a colonial system of governance and land use management, we also recognize that we have more work to unpack the systems in which we are upholding and working within.

#### **PROJECT ACKNOWLEDGMENTS**

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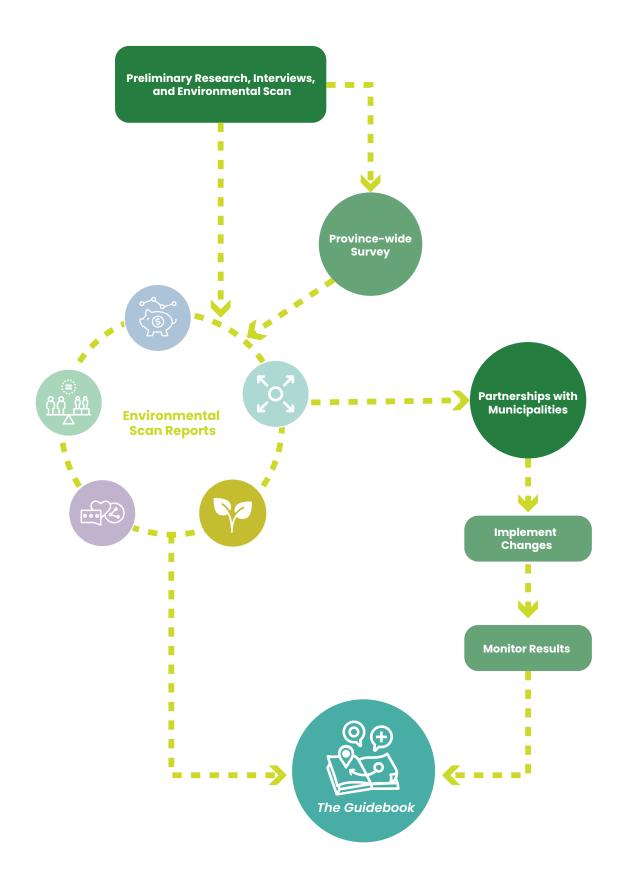
# **PROJECT CONTEXT**

The Enabling Housing Choice Project aims to provide insight on how Albertan municipalities can support growth in their communities and help provide more housing options and choices to their residents through local policy changes and capacity building strategies. In the first stage of our project, we conducted a literature review, subject matter expert interviews, and case studies. We have broken our findings into five main themes, in order to make the relevant information more easily accessible.

This report on Housing and the Economy, along with our other four themed reports, can be used by municipalities and communities to help better understand the complexities of housing choice. It is important to note that all these themes intersect with each other. A holistic approach to enabling housing choice that considers all of these themes is required to make meaningful change that positively impacts various groups and their unique needs within a community. These preliminary findings will inform the next phases of our project, including the creation of our Guidebook for Enabling Housing Choice.

In this report we discuss:

- » Ways to support the economy through land use policy from an efficiency perspective, including location efficiency and land use efficiency;
- » The importance of employment opportunities and attractive Main Streets in attracting and retaining populations; and
- » The value of growth management strategies for planning and visioning for population growth and future housing demand.





Housing is intimately linked to the economy. Housing prices and rental prices impact the liveability and affordability of housing. Property taxes impact homeowners and costs to help fund municipal services like road maintenance are passed on to renters. The supply and demand of housing is also linked to employment opportunities and the ability to house workers.

In this report, we examine how land use policies and strategies impact the economy. As well, we explore the prevalence of sprawl (outward growth) and its financial impacts on a municipality. We then delve into the complexities of attracting and retaining population to both grow and support housing diversification. Finally, we explore policies for growth management and ideas to further development in a fiscally responsible manner.

#### LAND USE AND THE ECONOMY

One major consideration of land use and its impact on the economy is the outward growth of municipalities, often referred to as sprawl.

#### SPRAWL IS THE "UNCONTROLLED EXPANSION OF URBAN DEVELOPMENT CHARACTERIZED BY LOW DENSITY, DEGRADED LAND USE AND INSUFFICIENT INFRASTRUCTURE PROVISION" (CHEUNG, 2014, P. 35).

This section covers the fiscal impacts and considerations that urban and rural sprawl has on a community. Financing the services and amenities required to support new development on the fringes of a community can lead to unintended consequences. One solution is the concept of maximizing land efficiency through increasing density near established services and amenities and the following section addresses these.

#### URBAN AND RURAL SPRAWL; THE CASE FOR DENSITY

Sprawl is often talked about as an urban issue, however many people appreciate the lower housing costs offered by living on the edge of a city (Agrawal, 2016). The main issue with sprawl from a fiscal point of view is the impact it has on the cost of maintaining and upgrading infrastructure. Once a new development is built, the municipality inherits the roadways, public sidewalks, streetlights, and lighting signals, and the costs associated with maintaining and replacing them as needed. Offsite levies are fees that developers pay to offset the new or expanded use of existing infrastructure to support

their new development and can be introduced to help address the financial burden. While offsite levies can be introduced, they are not adequate, as under the Municipal Government Act in Alberta, developers cannot be held accountable for the costs of additional servicing for a new area like transit, police, fire, or water (Agrawal, 2016). This means that municipalities foot the bill for new servicing in new areas.

Sprawl also infringes on rural and agricultural land, which is becoming more difficult to mitigate. This leads to the annexation of land and changes in municipal boundaries to support more urbanized expansions (Agrawal, 2016). Sprawl can exacerbate accessibility issues. For example, as a community sprawls, public transit systems may struggle to keep up with the physical expansion, and it may become more expensive to adequately clear snow and maintain roads.



Though less talked about in general, sprawl also brings many of the same issues to smaller communities as it does to larger communities. Sprawl in a rural context can mean fragmentation and conversion of agricultural lands which contributes to agricultural land loss which impacts Alberta's ability to produce food in the future (Government of Alberta, 2017). These communities also typically have fewer resources and amenities available within them - like a lack of public transit - which means that dispersing the population more makes it even harder for people to access services, many of which cannot be remedied by collecting offsite levies.

While offsite levies can act as a deterrent to sprawl, a more effective method is to incentivize infill. Infill refers to homes that are developed on vacant or underutilized lots within established neighbourhoods. Incentives that encourage infill projects within developed neighbourhoods can be through a reduction of red tape. Other ways to encourage infill projects can be to open up zoning to allow for a greater diversity of housing in older and more established neighbourhoods, including allowing subdivisions to turn one parcel into two, for example. The benefits of infill are clear from a financial perspective, as utilizing existing servicing tends to be more fiscally responsible than developing in new areas.

#### LAND USE EFFICIENCY

Land use efficiency is also a major consideration when looking to contain land development within existing serviced areas. Land use efficiency refers to "an increase in the output of a unit land area related to regional social and economic activities" (Cai et al., 2020, para. 2). Typically, this means that having a higher density on a parcel of land is more efficient. Locating more people closer together means that services nearby can be better utilized, and are easier to access. Locating denser housing near amenities and services can lead to economic and fiscal benefits for a municipality while also promoting greater social interaction, walkability, and community building.

In the image below, a new neighbourhood in Edmonton is shown, with an elementary school highlighted. The image shows a larger parcel of land that has been developed as a condominium project with 100 dwelling units. This development has the ability to house 100 families within close walking distance to the school. This provides land use efficiency by placing people close to the services they need and want including access to park space. It is a stark contrast to the surrounding development of single-detached homes, which adds significantly to infrastructure needs like roads and servicing, and cannot accommodate the same number of housing units per parcel.



However, the term "density" often strikes fear in smaller communities, as it conjures up an image of skyscrapers that dwarf the surrounding community (Roberts, 2019). But this does not need to be the case. Density should be respective to the contextual sensitivity and each community should assess what role density can play in achieving their goals, and then thoughtfully address what it would be like for them. According to Brent Toderian (2017), an award-winning Canadian planner, gentle density can

#### OFFER A SOLUTION THAT SATISFIES POPULATION GROWTH WHILE RECOGNIZING THE CRITICISM AND OFTEN-OUTRIGHT REFUSAL OF HOMEOWNERS TO ALLOW DEVELOPMENT OR REDEVELOPMENT IN THEIR COMMUNITIES" (PARA. 3)

Something as simple and low impact as allowing garage suites to be added to any singledetached zone essentially doubles the potential units on one parcel, while policies like restricting the height of garage suites to be no taller than a typical two storey home can mean that the development of these suites does not appear out of place. It can be a good first step to allowing density, as showing the community the minimal impact of this type of gentle density can pave the way for more ambitious density projects in the future. However, it is important to note that depending on the community's needs, simply enabling gentle density may not be enough to solve its housing demand and the needs of a diversity of community members.

The image below shows an example of a garage suite that blends into the architectural style of the neighbourhood and how the thoughtful application of design standards can introduce densification without detracting from its surroundings.



Garage Apartment Plan Rendering of a Potential Suite (The Garage Plan Shop, n.d.)



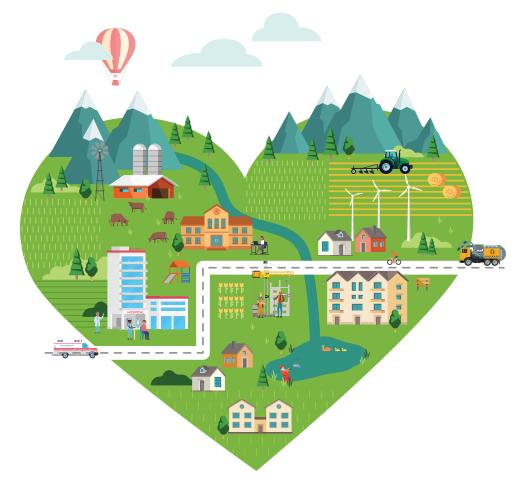


### ATTRACTING AND RETAINING POPULATION

Attracting and retaining people can be a tricky endeavour for any municipality, large or small. This section explores some of the major areas a municipality can look at improving in their own community to help encourage people to stay and attract new people to their neighbourhoods.

#### **BUSINESS OPPORTUNITIES & SKILLED WORKFORCE**

When people leave a community, businesses follow - and vice versa. This trend is most prevalent in rural Alberta, where a declining population makes it difficult for small communities to be attractive to new businesses, as their number one concern is usually about labour and staffing. One of the major questions that the Business Council of Alberta gets when someone is looking at opening a business in a new area is if there is a skilled workforce in the community. Though there are a variety of other conditions that businesses take into account, it is compelling that labour is number one on their list of considerations they are asked about.



The lack of housing in many communities plays directly into the issue of labour shortages. If a municipality wants to attract skilled labour to their community, they need to have adequate housing for them. Competition for skilled workers can be intense, and people are more willing now to move for the right job. However, the uptake in remote work due to the COVID-19 pandemic has opened up new possibilities and some migration is happening from urban to rural communities for those who would like the slower pace of living and work from home. This is more commonly seen in the communities that are near urban centres, like Airdrie and Cochrane near Calgary (Matuszak & Deng, 2022).

There are opportunities for municipalities to entice businesses to set up shop in their communities by increasing their housing supply and being attractive to skilled workers. This can be done through providing a diversity of services and amenities and is explored in the next section on location efficiency.

#### LOCATION EFFICIENCY

Although developers are constructing more apartment-style housing they are often the last choice amongst homebuyers across Alberta (Borth, 2020). Homebuyers are seeking easy access to amenities, services, employment, and frequent destinations that are associated with location efficient neighbourhoods. This introduces the importance of a location efficient municipality, which:

#### A LOCATION EFFICIENT CITY/MUNICIPALITY PROVIDES ACCESSIBLE SERVICES, AMENITIES, EMPLOYMENT AND ACCESSIBLE TRANSIT AND ACTIVE TRANSPORTATION OPTIONS EQUITABLE TO ALL CITIZENS" (BORTH, 2021, P.1)

Location efficiency differs from the concept of land use efficiency explored earlier in this report, but can be used together to utilize existing land development more effectively and locate housing near amenities. The results of the Borth (2020) study provides evidence that improved location efficiency prioritization in municipalities and marketing efforts from real estate professionals can create more economically strong communities. By making homebuyers more aware of the benefits of location efficiency, municipalities, developers, and planners can attempt to influence their decision making process when deciding where to live, while mitigating issues like declining budgets due to increased municipal sprawl, traffic, greenhouse gas emissions, and health issues related to long commutes and a lack of walkability.

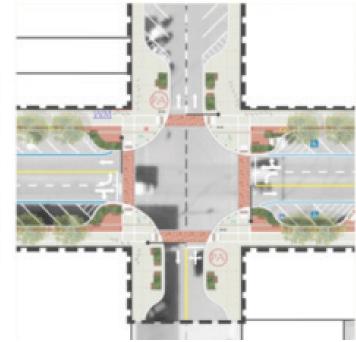
The issues of location efficiency are arguably more complex in a more rural context as each rural community has vastly different offerings compared to neighbourhood level amenities in a large city. For example, you can access a recreational centre that may be outside your neighbourhood fairly easily, yet if you lived in a rural community, the nearest recreational centre could be hours away. While the concept of location efficiency is an excellent starting point for municipalities to assess the options their residents have reasonable access to, it is important to look at the unique context of each community to determine the best locations for housing with as many services as possible.

#### MAIN STREETS REVITALIZATIONS & RURAL DESIGN

Main Streets are the primary commercial streets in communities which enable vibrancy and a diversity of businesses in both large and small communities across Alberta. They often act as the community hub, where local business transactions occur and where residents interact with each other more often. This is especially important in rural communities where development is typically more spread out, as Main Streets act as a gathering space for celebrations and community events. There is emerging evidence that focusing on good design and creating welcoming and inviting Main Streets can increase the demand to live in a community (Citizens Institute of Rural Design, n.d.). In the context of smaller communities, there tends to be a draw for well designed Main Streets for people looking to move to a smaller community and revitalization efforts in these areas can help drive development in other areas of the community.

As an example, Lac La Biche has recently approved their plans for revitalizing their downtown core. Their plan includes the intention to make the area more attractive to entice people to linger (McKinley, 2021). This will likely have positive impacts on the local businesses that are along their Main Street and will help improve location efficiency by encouraging people to shop where they live instead of leaving their towns to visit larger urban centres for their main shopping needs.





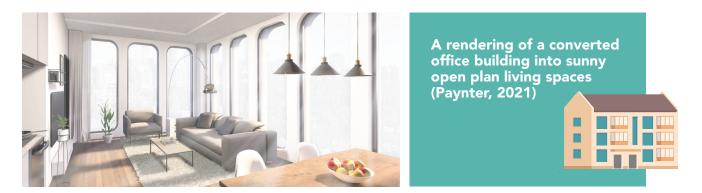
Designs for Lac La Biche's Main Street by V3 Companies of Canada include bulb outs, painted road features to decrease speeds and increase pedestrian safety, seating areas, new plantings, and public art features (McKinley, 2021)

#### **ADAPTIVE REUSE**

Capitalizing on existing infrastructure and repurposing underutilized buildings can be a key strategy for building capacity and enabling development. Adaptive reuse opens up options to find new uses for buildings which can be focused on increasing business opportunities or housing or a mixture of both. ADAPTIVE REUSE REFERS TO AN EXISTING BUILDING OR STRUCTURE BEING RENOVATED AND/OR UPDATED IN ORDER TO USE IT IN A NEW WAY, OR WITH A NEW PURPOSE.

A good example of this is the Soaring Eagle Support Society project in Whitecourt, where a motel has been converted into transitional housing for people experiencing homelessness and precarious housing situations (Lapointe, 2021). People can access the housing from six months up to two years, and the space itself can house up to thirty people. This utilizes a building that was otherwise sitting empty, while not requiring any changes to the current zoning as the temporary occupation context of a motel is applicable to the short term housing.

Research into empty office towers in Calgary also proposes an intriguing opportunity for redevelopment, with studies from the University of Calgary's School of Public Policy (Paynter, 2021) showing their viability for adaptive reuse. With over 12 million square feet of vacant office space in the city, it is important to consider ways to utilize the existing buildings and in this exploration, open up the possibilities for more diverse uses (Paynter, 2021). Of the twelve buildings assessed, they found that ten would be plausible for residential mixed-use development, with a potential to add 2000 units in already developed areas of the city.



Of course, adaptive reuse possibilities do not have to be limited to just creating housing. Old warehouses, underutilized halls, and other infrastructure can be converted into other commercial uses which attract business, employees, and residents to the area. A great example of this is the Feed Mill building in Camrose. A former warehouse built in 1910, it was protected on the Historical Register of Places in 2000 and has since been adapted into a restaurant and retail store (Alberta Register of Historic Places, n.d.). These can all play a role in improving the economic situation of a community of any size.





### **POLICIES FOR GROWTH**

This section covers growth management strategies. The application of growth strategies can help municipalities plan for the future and create strategic frameworks to manage and foster growth. This will help them to balance growth now versus planning for the future.

Growth can be looked at in two ways; the projections for the area based on current data, and the desired goals for the area. Most growth strategy frameworks are framed in the latter - what the area is hoping to achieve over a set number of years. Growth strategies are more commonly seen regionally and in larger urban centres. This is likely because the concepts associated with growth management such as combating sprawl tend to be framed with an urban setting in mind (Agrawal, 2016). However, growth strategies can be an important tool for any municipality to work through as it helps to envision future goals and enable conversations about how the community can achieve their goals.

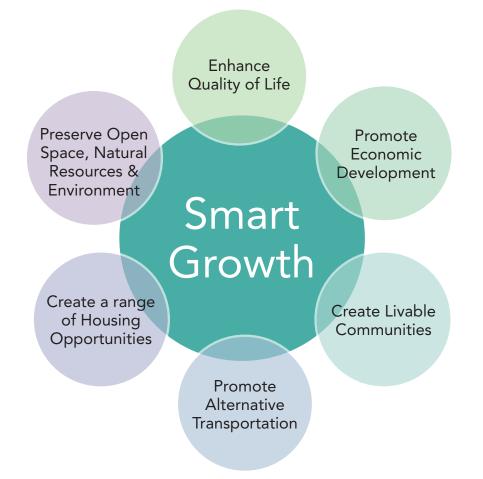
It is important to note that some drawbacks to growth strategies exist. While goal setting in policy frameworks is common, this can be a source of disconnect. Growth projections will provide a more accurate picture of the direct future, but the further away from the original data set the more unstable the estimation becomes. Herein lies the gap between the immediate needs for the current population and the long term overarching goals for down the road. Housing needs and diversity of housing choice is a pressing current need, yet growth frameworks are often looking at the "big picture" twenty-five years into the future.

To reconcile the discrepancy between the planning for immediate growth and planning for future growth, municipalities must find a balance between the most pragmatic and fiscally responsible approaches while remaining flexible





enough for changing economic conditions and pressure not yet known. While strategic planning is important for long term visioning and collaborating on a common future vision, they can also gloss over the immediate needs and inefficiencies that exist within their community. Municipal policy that supports a hybrid approach bodes well for communities so that the immediate needs can be addressed, while still keeping bolder, long term goals in mind.





### **CASE STUDY**

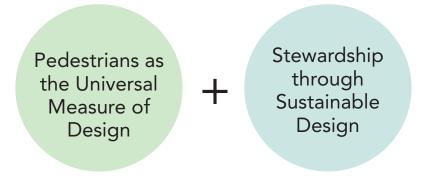
This section highlights a case study that will help to position economics in the realm of planning policy, as informed by stakeholder interviews. Policy is able to encourage or impair development, but the Town of High River was able to utilize their Land Use Bylaw rewrite to enable development within policy. By effectively taking advantage of their Land Use Bylaw rewrite, the Town of High River used this opportunity to enhance their economy through development.

#### TOWN OF HIGH RIVER: LAND USE BYLAW REWRITE

The Town Council of High River desired a change to enable more development, as their previous Land Use Bylaw had not been updated since the 1980s, had forty-two zones within it, and the land uses were very segregated and designed with a car-centric focus. In 2013, the Town underwent a Municipal Development Plan renewal and Growth Management Study. In the same year, High River was also hit with a major flood. With it came destruction and loss, but also a sense of hope for the future and an opportunity for change. Given this opportunity, an Area Redevelopment Plan was created for the downtown area and spoke to the future of what the town wanted to be. Included in this was a new vision for downtown tied in with the other document updates because the council was open to something more modern, innovative, and unique.

The previous Land Use Bylaw was highly restrictive to development, and with so many different zones it made it difficult to navigate the application process for developers. Utilizing the goals outlined in their Growth Strategy and the Municipal Development Plan helped to develop the vision for the Land Use Bylaw.

The major goals of the Land Use Bylaw (2017) rewrite were to incorporate two guiding principles:



#### **BIG MOVES IN THE NEW LAND USE BYLAW INCLUDE:**

- » Reducing land use districts from 42 to 6 focusing on form based uses;
- » Removing parking minimums to reduce high turnover on buildings where previous parking requirements made business less viable;
- » Subdivision regulations to encourage diversity of lot widths for variety, and rear lanes to encourage less front parking and increasing the vibrancy of streets;
- » Removed the limits on number of dwelling units per lot;
- » A new focus on the design and character of buildings; and
- » A collaborative approach to planning that integrates developer needs and increases communication of the planning documents goals.

These moves are great examples of location efficiency in action, as they allow for people to build and develop the services and amenities they need without being hindered by restrictive zoning.

After implementing the new Land Use Bylaw in 2017, the Town monitored developments for a two year period and found that overall the new approach has been largely successful. It has allowed more efficient administrative processes that allow for collaboration with applicants and developers. However, this has not been without its challenges. The Town notes that the collaboration process is more time-consuming because more in-depth reviews are needed for applications but they expect this to improve as developers and applicants become more used to the new processes and understand the requirements more thoroughly with more time and experience.

As well, the integration of the future visions of subdivisions and the realities of development in existing neighbourhoods is proving to be tricky to navigate. Multiple variances need to be applied for when looking at making sense of some of the design elements within existing neighbourhoods.

Overall, developers and residents have been receptive to the changes and new designs and creativity is beginning to appear in applications and new buildings as the flexibility the Land Use Bylaw offers is capitalized on.



### **NEXT STEPS**

Considering location efficiency in municipalities of all sizes can be a good way to approach how attractive a community is when looking to increase housing choice and housing demand. What homebuyers consider when purchasing their homes, and what developers perceive as important when selecting sites for future development are both based on factors like location efficiency. Creating a housing growth policy to help influence more efficient home location choices could enable more economically viable development.

Municipalities can also look for opportunities to increase development and encourage growth by identifying underutilized buildings and proposing adaptive reuse projects for them. This can be through municipally owned land and infrastructure that could be reenvisioned and leased out to a potential tenant or sold for development or identifying privately owned buildings that could be incentivized for development through opening up policy like allowing for new uses or rezoning.

Looking at ways to encourage and develop infill projects will also help to find economic efficiencies. Municipalities should look at the barriers to development like restrictive land use zones and work on policy that opens this up. They can also provide incentives like fast-tracking applications and reducing architectural guidelines to make it easier for developers to comply with infill regulations.



### **GET INVOLVED**

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Our Sustainable Housing Initiative (SHI) Enabling Housing Choice Project team is working to support communities across Alberta to create innovative and transformative local policies that promote housing diversity, access and choice. If you are interested in learning more about the project, current partnership opportunities, and research, please get in touch by contacting us here at **housingchoice@ruraldevelopment.ca** or by visiting our **webpage**.

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