

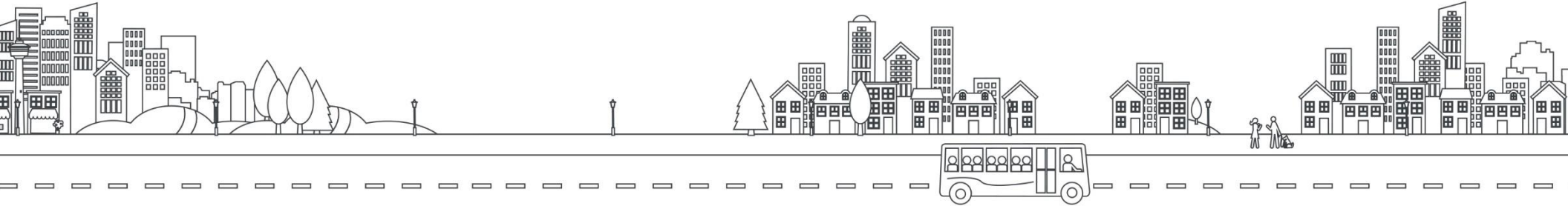


# HOUSING IN CANADA'S BIG CITIES

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THE CITY OF CALGARY  
AFFORDABLE HOUSING DIVISION

MAY 2018



# TABLE OF CONTENTS

FOREWORD ..... 3

AT A GLANCE ..... 4

EXECUTIVE SUMMARY ..... 6

INTRODUCTION ..... 14

HOUSING SUPPLY ..... 19

HOUSING AFFORDABILITY ..... 28

A CLOSER LOOK AT CALGARY ..... 33

CORRELATIONS ..... 37

HOUSING STRATEGIES AND PLANS ..... 38

CONCLUSION ..... 46

GLOSSARY ..... 48

LIST OF FIGURES ..... 51

LIST OF TABLES ..... 52

REFERENCES ..... 53

## FOREWORD

### Background

In March 2017, The City of Calgary published *Housing in Calgary: An Inventory of Housing Supply, 2015/2016*, providing comprehensive information on Calgary's housing supply, covering the entire spectrum of housing in Calgary, from emergency shelter spaces to market homeownership. Through this report, a more complete picture of the entire housing system in Calgary became visible, enabling a broader understanding of housing supply trends, gaps and implications and specifically, the current state of the affordable housing segment.

This report is intended to compliment the 2017 *Housing in Calgary* report by helping to understand in what ways Calgary's housing supply and affordability compare to other big cities, the possible reasons why it is different, and what municipal tools are currently being used to impact supply and affordability in Canada's largest cities.

In 2016, Calgary City Council unanimously adopted *Foundations for Home: Calgary's Corporate Affordable Housing Strategy 2016 – 2025*, along with an Implementation Plan for the period 2016-2022. This research may inform several initiatives in the Implementation Plan, as well as the prioritization of tactics by Calgary's Community Housing Affordability Collective (CHAC), and could be used to strategically plan future development in the city. Additionally, this research could be used to inform discussions and advocacy with other orders of government.

### Acknowledgements

This report would not have been possible without the valuable information provided by:

- Canada Mortgage and Housing Corporation (CMHC)
- Statistics Canada
- The City of Toronto
- The City of Montréal
- The City of Calgary
- The City of Ottawa
- The City of Edmonton
- The City of Mississauga
- The City of Winnipeg
- The City of Vancouver
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- The Co-operative Housing Federation of Canada, Cynthia Mitchell

## AT A GLANCE

Calgary's housing supply differs substantially from other Canadian cities. Among the major cities in Canada, Calgary has the highest rates of homeownership and single-family housing, and the lowest supply of purpose-built rental, subsidized housing and co-operative housing. These differences appear to have been influenced by:

1. Timing of Development: The bulk of housing in Calgary has been built during economic 'booms', when demand and incomes are high. Market response has been to build an expensive, homogenous housing supply.
2. Income Inequality: Calgary has the highest income inequality among the big cities. The proportion of households earning higher incomes is very large, as is the income gap. This has influenced market response, as well as public policy.
3. Incentive: There has been a lack of incentive to build some types of housing. This is a result of market demand, but also government funding and policy. Calgary was a relatively small city when government incentives encouraged a wider variety of housing types, and so the city benefitted less from these investments.

The result is a well-served higher-income population and an underserved lower-income population, and while this lower-income population is small, compared to the rest of Calgary, their housing options are severely limited.

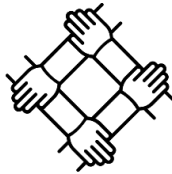
Given that:

- Calgary has a capable building industry and a plan to get building,
- It has been shown that simply increasing supply has not eased the affordability crisis in other major cities, and only continues to serve higher-income buyers and drive up housing costs,
- There is little risk of Calgarians becoming underserved if other types of housing are built, and
- These conditions (wealth, income inequality, lack of incentives) persist, it is likely that the market will continue to provide the same response,

The recommendation of this research is that strategic initiatives are necessary to produce affordable housing in Calgary. Plans to address affordability concerns through the addition of market housing stock are likely not sufficient to close the gap in housing choice for low-income Calgarians.

# How Does Calgary's Housing Compare With Other Big Cities?

**56%** of households in Calgary live in **single-family housing**; the average in other cities is **36%**



Calgary has the **lowest supply of co-operative housing at 0.3%**, less than half the average in other cities



Calgary has one of the **highest rates of homeownership in the country, at 71%**; the average in other cities is **59%**

Calgary has the **lowest supply of purpose-built rentals, at 7%**, less than half the average in other cities



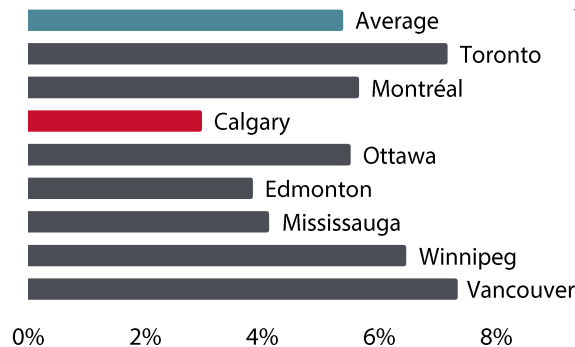
Calgary's average **resale prices are slightly lower than average, while rents are slightly higher than average**

|                      | Calgary   | Average   |
|----------------------|-----------|-----------|
| Average Resale Price | \$463,047 | \$503,341 |
| Average Rent (bach)  | \$859     | \$831     |
| Average Rent (2-br)  | \$1,260   | \$1,241   |



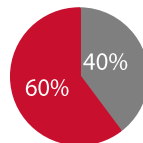
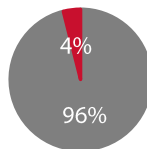
Calgary ranks as having the **most expensive rents in the lowest-rent quintile for one and two-bedrooms, and the third highest for bachelor units**

## Per Cent Subsidized Households



Calgary has the **lowest proportion of households living in subsidized housing, nearly half the average in other cities**

Calgary has the **lowest incidence of core housing need, and the lowest incidence of overspending among the big cities, however...**



Housing affordability challenges are concentrated in lower-income households; while **only 4% of households with incomes above \$80,000 are overspending, 60% of households with incomes below \$60,000 are overspending**

# Why is Calgary's Housing Different?



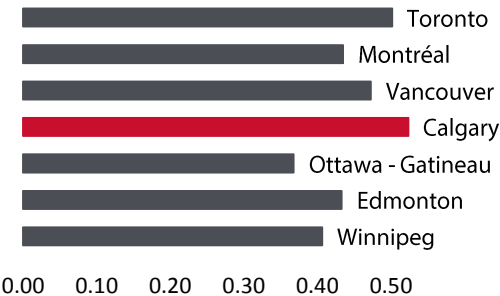
Calgary has the **highest median household income among the big cities, at \$97,334**; the average median in other cities is \$75,418. This has influenced the cost and type of housing being built

Calgary's population has grown by over **52%** since 2001; the average growth rate among the cities was 28%. This has created strong demand



The timing of development in Calgary has coincided with strong economic periods as well as periods of **low government investment in affordable, co-operative and rental housing**

## Income Inequality (measured by Gini Coefficient)



**Income inequality is more exaggerated in Calgary than any other city; income inequality is problematic because it excludes a segment of the population from community**

For more information contact [affordablehousing@calgary.ca](mailto:affordablehousing@calgary.ca)  
 Images sourced from Noun Project (Creative Stall, Mourad Mokrane, Made by Made, Artem Kovyazin, Myart, Louis Hesse, OCHA Visual information Unit, DesignVector)

## EXECUTIVE SUMMARY

### Key Findings

#### Supply

Housing in Calgary is very different from housing in Canada’s other big cities, with the:

- second-highest rate of homeownership at 71%, compared to the average of 59%,
- second-lowest proportion of households living in rental housing at 29%, compared to the average of 41%,
- lowest proportion of households living in subsidized housing, at 2.9%<sup>1</sup>, compared to the average of 5.3%,
- second-highest per cent of households living in single-family housing, at 56.3%, compared to the average 36.5%,
- lowest per cent of households living in high-rise apartment buildings, at 7%, compared to the average 20%,
- lowest supply of purpose-built rental apartments, representing 7% of housing supply, compared to the average 16%, and the
- lowest supply of co-operative housing, at 0.3%, compared to the average of 1%.

Table 1: Housing in Canada’s Big Cities, 2016

|                    | Owner Households | Renter Households | Subsidized Households | Single-Family Housing | “Other Attached” Housing <sup>2</sup> | % High-Rise Apartments | % Purpose-Built Rental Stock <sup>3</sup> | % Co-Operative Housing |
|--------------------|------------------|-------------------|-----------------------|-----------------------|---------------------------------------|------------------------|---|------------------------|
| <b>Toronto</b>     | 53%              | 47%               | 7.1%                  | 24%                   | 31%                                   | 44%                    | 14%                                       | 1.5%                   |
| <b>Montréal</b>    | 37%              | 63%               | 5.6%                  | 7%                    | 78%                                   | 14%                    | 33%                                       | 0.9%                   |
| <b>Calgary</b>     | 71%              | 29%               | 2.9%                  | 56%                   | 36%                                   | 7%                     | 7%  | 0.3%                   |
| <b>Ottawa</b>      | 66%              | 34%               | 5.5%                  | 42%                   | 39%                                   | 18%                    | 15%                                       | 0.7%                   |
| <b>Edmonton</b>    | 64%              | 36%               | 3.8%                  | 50%                   | 42%                                   | 7%                     | 13%                                       | 0.3%                   |
| <b>Mississauga</b> | 72%              | 28%               | 4.1%                  | 38%                   | 36%                                   | 26%                    | 14%                                       | 1.1%                   |
| <b>Winnipeg</b>    | 65%              | 35%               | 6.4%                  | 59%                   | 27%                                   | 13%                    | 18%                                       | 0.8%                   |
| <b>Vancouver</b>   | 47%              | 53%               | 7.3%                  | 15%                   | 56%                                   | 29%                    | 11%                                       | 2.0%                   |
| <b>Average</b>     | 59%              | 41%               | 5.3%                  | 36%                   | 43%                                   | 20%                    | 16%                                       | 1.0%                   |

<sup>1</sup> In *Housing in Calgary: An Inventory of Housing Supply, 2015/2016*, non-market housing supply was found to be 3.6%. The difference is likely the result of how units were counted – whereas data in the *Housing in Calgary* report was total dwelling units, the data here is occupied dwelling units, as reported in the 2016 Census of Canada. Some of the difference can also be explained by different data collection periods, as well as Statistics Canada estimation methodology.

<sup>2</sup> “Other Attached” is a subtotal of the following categories: semi-detached house, row house, apartment or flat in a duplex, apartment in a building that has fewer than five storeys and other single-attached house. It is often referred to as “missing middle housing” – the type of housing between single-family/low density and high-rise apartments.

<sup>3</sup> CMA data

## **Affordability**

Among Canada's big cities, Calgary appears to be performing well when it comes to affordability. Calgary boasts the lowest rate of core housing need (11.8%) and the lowest rate of overspending (22%) making it clear that the market is meeting the needs of many Calgarians. However, when housing costs and income distribution are examined more closely, this research shows that Calgary is facing particular challenges:

- Housing affordability challenges in Calgary are concentrated in the lower-income households. Sixty per cent of households with household incomes below \$60,000 are overspending (spending more than 30% of their household income on housing), while only eight per cent of households with household incomes above \$60,000 are overspending,
- Rents in Calgary's cheapest rental units are the most expensive among all the large metropolitan areas, and
- Since 2006, core housing need has increased faster in Calgary than any of the other cities, at a rate of 25%.

While constrained housing supply is often blamed for declining housing affordability, recent research suggests that the relationship is not simple. Dr. John Rose examined the supply and affordability of housing in Canada's cities from 2001-2016, and found that even in the most expensive markets, housing supply has kept pace with the growth in number of households. In fact, housing supply has been sufficient enough to add surplus stock. For the Calgary CMA, the replacement rate was 1.08, meaning that for every 100 households added to the city, 108 housing units were built (Rose, 2017). This suggests that simply adding more market housing supply, either through densification, or through building out via city growth, may not be an effective tactic on its own.

## **Why Calgary is Different**

### *Fundamental Factors*

It is understood that higher disposable income, positive population growth and low mortgage rates tend to increase the demand for homeownership (Canada Mortgage and Housing Corporation, 2018). All of these factors have been present in Calgary over the past twenty years. While all of the cities examined have had relatively equal access to low mortgage rates, Calgary and Edmonton have had much higher than average disposable incomes and population growth.

### *Self-Perpetuating Cycle*

"Choices made by households over many generations affect, and are affected by, the stock of available housing. Calgary and Edmonton tend to have more single-detached homes, whereas other cities tend to have denser housing. Toronto has more high rises, while Montreal has proportionately more low-rise structures, with Vancouver in between. This pattern is in turn reflected in the dwelling and population densities of cities..." which in turn have impacts on dwelling densities (Canada Mortgage and Housing Corporation, 2018).

### *Income Distribution*

Income inequality is more exaggerated in Calgary than any of the other metropolitan areas studied, and has increased at four times the national average growth rate since 1982. High income inequality excludes a segment of the population from community, as they are not able to afford the typical amenities enjoyed by

the average population, in this case, housing. The relatively small size of this lower-income group in Calgary has likely given them very little voice in the public realm, to advocate for changes that could improve their housing situation.

### *Market Response*

Given the rates of population increases, and the high incomes in Calgary over many years, the demand for higher-cost housing has been sufficient to stimulate a market response. This, coupled with low incentive for rental housing construction, including affordable housing, has likely prevented private industry from entering this segment of the market.

## **Recommendations**

This research has found that Calgary's housing supply is very different from other Canadian cities. Market response to demand during 'boom' cycles has meant that significant housing stock has been added at a time when incomes were historically high. This, combined with significant income inequality, means that Calgary's housing has been largely shaped by the demand of a large, high-income cohort of households. The result is a housing supply that is both homogenous and expensive, leaving a gap in housing choice for lower-income households in Calgary. These households are left to compete for a limited supply of housing that they can afford. To fill the housing gap, the following three key recommendations are made:

### **1. Increase the supply of rental housing**

Calgary has a severe shortage of purpose-built rental housing, non-market housing, and co-operative housing, with a supply well below the other big cities. Strategic efforts to encourage these specific types of housing should be made, including continued support to non-profit organizations, and incentivizing industry.

Some of the Municipal tools being used in the other big cities to increase rental supply include:

- Improving the pro forma on rental development through incentives like expedited approval processes, waiving/deferring development charges, waiving/deferring property taxes, reducing parking requirements, pre-zoning for rental only, cost offset programs, and grants.
- Improving the pro forma on rental development through advocacy efforts to the Federal government for changes in income taxation on rentals and condominiums, so that the economics of building rental would be improved.
- Supporting the non-profit and co-operative housing sectors, via incentive programs (such as the Housing Incentive Program), and through the disposition of City-owned surplus land.
- Funding the development of City-owned non-market housing through revenues from development activities and the net proceeds from the sales of surplus land.
- Supporting the development of a Corporate Real Estate Strategy, with priority on allocating surplus lands for affordable housing, as well as acquiring and dedicating new lands for affordable housing.
- Simplifying the processes and regulations for second units (secondary suites, laneway suites).



While it may seem counterintuitive to build more rental housing, given the current high vacancy rate, this recommendation is made with the following rationale:

- Building rental supply will house those who work and live in Calgary. Fifty per cent of Calgary's households do not earn sufficient income to afford ownership housing in the market (without prior assets, savings, gifts or other mortgage helpers) (The City of Calgary, 2017). This may be impactful for newcomers trying to find housing in the city, as well as for current Calgarians without these resources. Additionally, increasing the supply of non-market, co-operative and purpose-built rental is a means of adding housing stock without the potential ramifications from investor speculation and non-resident ownership driving up housing costs. This type of housing is also less vulnerable to being used for short-term rental accommodation, and therefore, remains available to residents.
- Calgary has a history of fluctuations in vacancy rates, and vacancy rates will likely come down again, especially given the shortage of supply.
- Calgary is in the process of diversifying its economy by attracting a variety of industry and it will need housing for the employees in those industries, many of which may be paying Alberta's competitive minimum wage. Newcomers earning minimum wage will not have sufficient income to afford to buy in Calgary's market.

## **2. Protect the supply of rental housing**

Along with increasing the supply of purpose-built rental housing, non-market housing, and co-operative housing, it is also recommended that efforts be made to protect the existing supply of this stock. With higher than typical vacancy rates in Calgary, the timing is optimal for regeneration efforts.

Some of the Municipal tools being used in the other big cities to protect rental supply include:

- Prioritizing and supporting the redevelopment or regeneration of existing rental stock. This has been supported through similar incentives as are outlined above.
- Supporting the acquisition of existing rental stock for the affordable housing and co-operative housing sectors; this has included supporting renovations on units that are acquired that are in need of repair. An example of this would be selling city-owned land that has been leased to non-profit organizations and housing co-operatives.
- Implementing condominium conversion regulations. It should be noted that if this tool were considered for Calgary, it is only recommended for newer developments. Applying condominium conversion regulations on all rental development could inhibit the purchase and renovation of older buildings, and thus could sustain rental buildings in poor condition. One way these regulations could be used in Calgary would be to protect new rental supply that is supported through government incentives. In other words, if incentives are provided to increase rental supply, condominium conversion regulations could help prevent the new units from being quickly converted to condominiums, thereby protecting both the supply and government investment.

Implementing short-term rental regulations, for the purpose of increasing or preserving rental housing supply, is not a recommendation of this report. This is partly because the short-term rental market comprises such a small proportion of housing supply in Calgary, and efforts to limit short-term rentals might be better spent on other initiatives to increase and protect rental supply. Additionally, recent research shows that investors may have played a critical role in

increasing the supply of new housing in Canada, and that curtailing investors' interest in financing new housing construction could adversely affect long-term housing supply (Canada Mortgage and Housing Corporation, 2018).

### **3. Diversify ownership stock**

While Calgary will need to add housing stock proportionate to its growth, the new economic reality for Calgary provides an opportunity to diversify the ownership stock being produced as well. Looking further ahead, Calgarians will need a range of ownership options to meet their needs, including single-family housing, townhomes, duplexes and multi-family developments. The housing preferences of low and moderate Calgarians should be taken into account when building new ownership stock, with most people preferring ground-oriented housing over high-rise apartment buildings (The City of Calgary, 2015). Calgary has an accomplished, skillful development industry, and government should work to redirect some of industry's efforts to supplying a range of ownership options for lower-income households.

Some of the Municipal tools being used in the other big cities to create ownership opportunities for lower-income households include:

- Incentivizing industry to build housing for lower-income households,
- Incentivizing redevelopment in older neighbourhoods, especially those in close proximity to amenities such as transit and grocery stores,
- Programs to help lower-income households buy a home (including down payment assistance and affordable homeownership programs),
- Programs to help people stay in their owned homes (supports, renovations),
- Implementing non-resident ownership taxation (Municipal portion), and
- Advocating for non-resident ownership policy and/or taxation (where funds would be redirected to affordable housing) at the Federal level.

A more comprehensive examination of non-resident ownership and its potential impacts is a recommendation of this report. Foreign investment could be influencing Canadian buyers' expectations of future house prices, which could be driving up housing prices (Canada Mortgage and Housing Corporation, 2018). CMHC data suggests that foreign investors are concentrated on higher-priced properties in urban centres (Canada Mortgage and Housing Corporation, 2018). While the proportion of non-resident ownership has been reported as quite low (3.4% in Toronto and 4.9% in Vancouver), these numbers are actually higher than the proportion of non-market housing and co-operative housing found in Calgary.

## The City of Calgary's Role

The findings from this research confirm and support the direction set by The City of Calgary's corporate affordable housing strategy, *Foundations for Home, 2016-2015*. Together with an implementation plan for the period 2016-2022, Calgary City Council has endorsed the strategy and its six key objectives:

1. Get the Calgary community building,
2. Leverage City land,
3. Design and build new City units,
4. Regenerate City-owned properties,
5. Strengthen intergovernmental partnerships, and
6. Improve the housing system.

Progress toward the objectives is already underway, and several actions have been implemented that support the three recommendations of this report, that is, increase rental supply, protect rental supply and diversify ownership stock. Continued investment in these actions will contribute to achieving these three recommendations. A high-level description of work completed or underway is listed below, and more information can be found through reports to Council and on The City of Calgary's website.

There is also an opportunity to use the findings presented here to prioritize and plan future implementation of the Strategy. A high-level description of actions yet to be implemented is included below. The research on the tools that other Municipalities are using could be used here, to inform tactics to achieve the objectives of the Strategy.

### *Get the Calgary Community Building*

Actions completed or underway include:

- The provision of a dedicated resource in Planning & Development, to support organizations (that provide affordable housing) through the planning approval process,
- Prioritizing affordable housing applications in the planning process,
- Implementation of the *Housing Incentive Program (HIP)*, a \$6.9M funding program to support non-profit organizations to develop affordable housing, and
- Advocating to the Government of Alberta to offer property tax exemptions for affordable housing.

Actions yet to be implemented, that would support the recommendations of this report, include:

- Incentivizing private developers to build, manage or contribute to affordable housing,



- Implementing regulatory changes that would enable lower-cost building forms, and
- Increasing the proportion of households in Calgary that are served by the market.

#### *Leverage City Land*

Actions completed or underway include:

- The provision of a dedicated resource to support non-profit organizations in building their assets and increasing operational capacity,
- The sale of city-owned land at below-market value to non-profit organizations (that provide affordable housing), and
- The sale of leased city-owned land to non-profit organizations (that provide affordable housing).

Actions yet to be implemented, that would support the recommendations of this report, include:

- Hosting a competition to explore innovative design, operations, or supports in affordable housing, and
- Create a proactive land strategy for affordable housing.

#### *Design and Build New City Units*

Actions completed or underway include:

- Building, partnering or acquiring new City-owned affordable housing units – 72 units have been occupied since the Strategy’s approval, 64 are currently in development, and another 200 have been funded, and
- Developing a 10-year capital development plan.

#### *Regenerate City-owned Properties*

Actions completed or underway include:

- Creating a portfolio-wide strategy for all units managed by CHC,
- Completing audit requirements, and
- Piloting regeneration of properties in CHC’s social housing portfolio.



### *Strengthen Intergovernmental Partnerships*

Actions completed or underway include:

- Advocating for legislative changes to enable the use of new tools to create affordable housing, and planning for utilizing those tools,
- Participating in the development of a National Housing Strategy, A Provincial Affordable Housing Strategy, and the Alberta Housing Act, and
- Continued advocacy for stable, predictable long-term funding for affordable housing.

### *Improve the Housing System*

Actions completed or underway include:

- Participation in the Calgary Community Housing Affordability Collective (CHAC), to support systemic changes in affordable housing delivery, and
- Fostering increased public support for affordable housing through proactive communications.



## INTRODUCTION

It is helpful to view housing as a system, where movement and pressure affect all components of the system. The system includes emergency shelters, transitional and supportive housing, subsidized and below-market rental housing and affordable homeownership programs, through to market rental and homeownership. Some types of housing can span across different parts of the spectrum, such as co-operative housing. People may move in either direction along the spectrum depending on circumstances and system changes.

For the purposes of this report, the housing system includes the following types of housing (see [Glossary](#) for definitions):

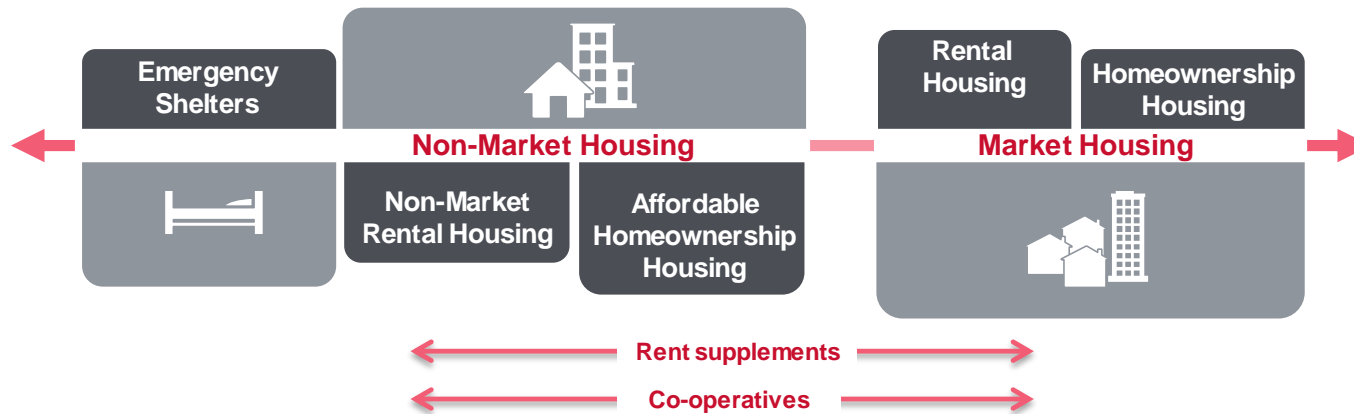


Figure 1: The Housing System

## Methodology

Both primary and secondary research has been used to compile this report. Methods of data collection include phone calls, e-mails, and analysing published data (e.g. Statistics Canada website) and reports (e.g. CMHC's Rental Market Report). Efforts have been made to use only credible sources. Wherever possible, data from 2016 has been used, to align with 2016 Census of Canada data. The focus of geography is on the Census subdivision (CSD)<sup>4</sup>, as these boundaries typically align with municipal boundaries, and therefore, municipal authority. Where data was not available for the Census subdivision, the Census metropolitan area

<sup>4</sup> Defined by Statistics Canada: Census subdivision (CSD) is the general term for municipalities (as determined by provincial/territorial legislation) or areas treated as municipal equivalents for statistical purposes (e.g., Indian reserves, Indian settlements and unorganized territories).

(CMA<sup>5</sup>) geography was used. Throughout the report the terms 'city', 'municipality' and 'CSD' are used interchangeably. Also, the terms 'metropolitan area' and 'CMA' are used interchangeably.

It should be noted, that there may be some lack of comparability of data due to different dates, or geographical zones for some of the information provided.

Comprehensive research on housing and municipal tools was not conducted for all cities, and no claim is made to have included all of the data and information available. The intent was to provide a comparison of supply, affordability and municipal tools across Canada's eight largest municipalities, such that a more complete picture can be seen for Calgary, to inform strategic direction.

This research has included some calculations to determine if relationships exist between different types of data. This has been done through correlation calculations, where one dataset is compared to another dataset. The value of a correlation is always between -1 and +1, and the closer the correlation value is to +/-1, the stronger the correlation. If there is a positive relationship (a value between 0 and 0.99...), this means that an increase in one variable correlates with an increase in another variable. If there is a negative relationship, a value less than 0, this means that an increase in one variable correlates with a decrease in another variable. It is important to understand that correlation does not equal causation – a change in one variable does not necessarily determine a change in the other. Looking at correlation is a valuable means of understanding if relationships exist, and might mean that one variable is influencing another variable, however, knowing for certain would require further investigation.

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<sup>5</sup> Defined by Statistics Canada: A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a population centre (known as the core). A CMA must have a total population of at least 100,000 of which 50,000 or more must live in the core. A CA must have a core population of at least 10,000. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the core, as measured by commuting flows derived from previous census place of work data.

## City Profiles

The eight largest municipalities (cities) in Canada are examined in this report. In order of population, these are: Toronto, Montréal, Calgary, Ottawa, Edmonton, Mississauga, Winnipeg and Vancouver. Throughout this report, data is presented in an order consistent with the population of the cities. This means that when data is presented in charts, Vancouver will be at the bottom. Where data was not available at the CSD (city) level, data from the Census Metropolitan Area (CMA) is used, and that data is presented in an order consistent with the population of the CMAs. In these charts, Winnipeg will be at the bottom. Only seven CMAs are included because one of the cities is included in another's CMA (Mississauga is in the Toronto CMA). Even though Québec City is the seventh largest CMA, it is not included in the report because it does not contain one of the eight largest cities. The focus is on the city.

**Calgary is the third largest city in Canada** (see Figure 2), with a population of 1,239,220. The Calgary CMA<sup>6</sup> is the fourth largest Census Metropolitan Area in the country (see Figure 3).

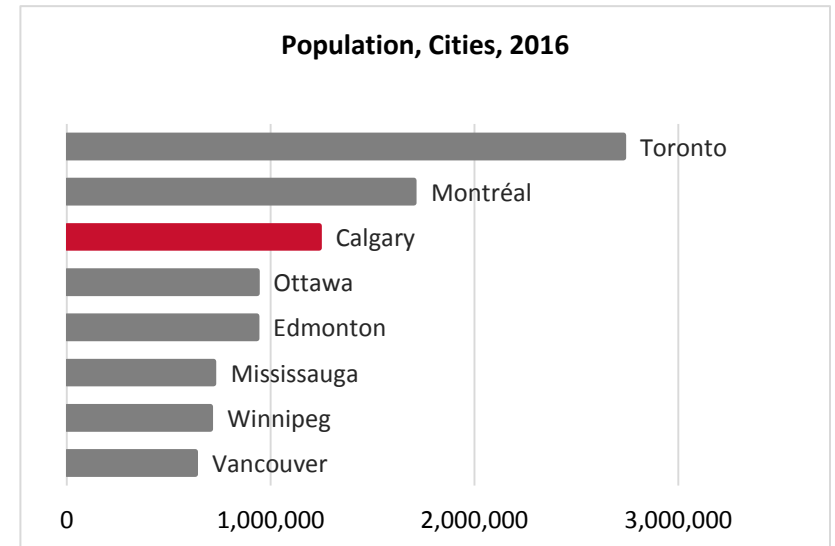


Figure 2: Population, CSDs, 2016 (Statistics Canada, 2017)

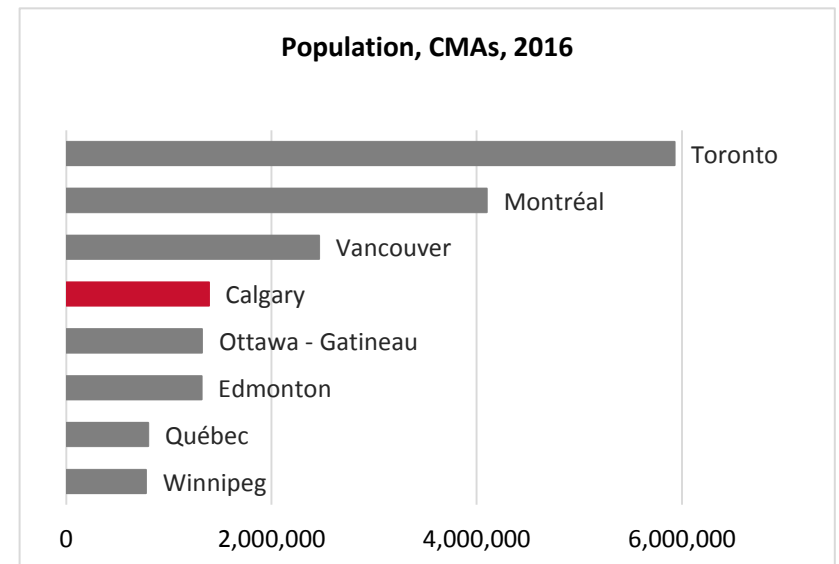


Figure 3: Population, CMAs, 2016 (Statistics Canada, 2017)

<sup>6</sup> (Statistics Canada, 2016) The Calgary CMA includes Calgary, Airdrie, Rocky View County, Cochrane, Chestermere, Crossfield, Tsuu T'ina Nation, Irricana, and Beiseker



Calgary's population has nearly doubled since 1986, from 640,645 to 1,246,337 in 2017 (see Figure 4).

Growth in the last sixteen years has outpaced the other big cities; **from 2001 to 2017, the population in the Calgary CMA grew by over 50%, while the average growth across the CMAs during the same period was 28%** (see Figure 5). Since 2006 Calgary has been one of the fastest growing cities in Canada, and between 2011 and 2016, Calgary grew at a rate of 13%, while the average growth rate across the big cities was 6.7% (see Figure 6).

**FROM 2001-2017 CALGARY'S POPULATION GREW BY 50%, WHILE THE AVERAGE GROWTH RATE ACROSS CANADA'S BIG CITIES WAS 28%.**

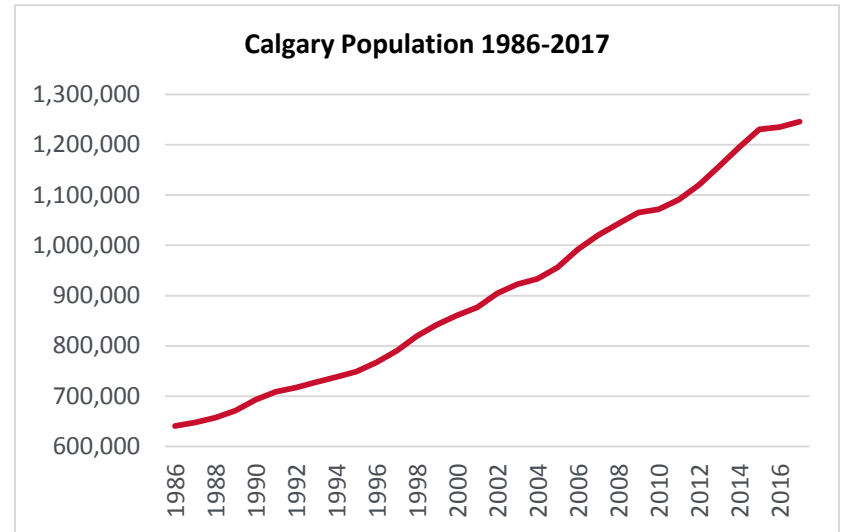


Figure 4: Calgary Population 1986-2017 (The City of Calgary, Civic Census)

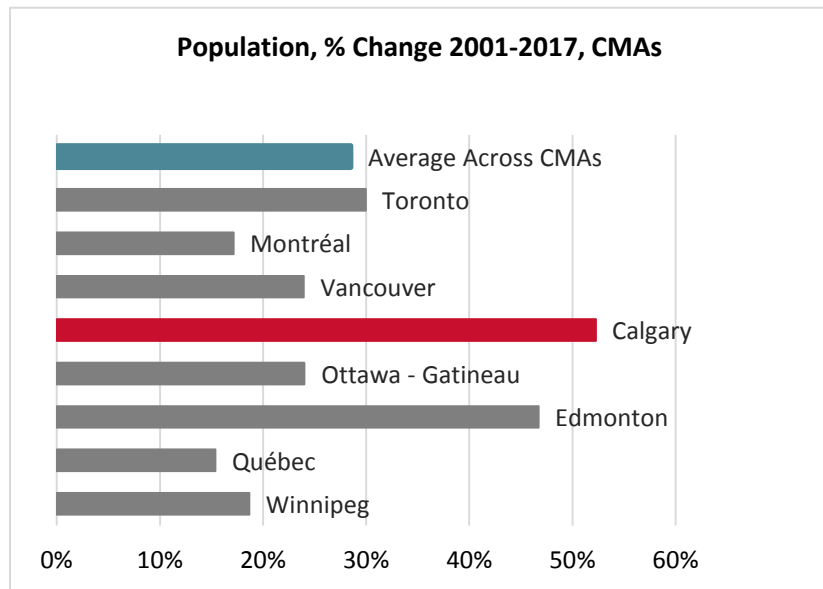


Figure 5: Population, % Change 2001-2017, CMAs (Statistics Canada, 2018)

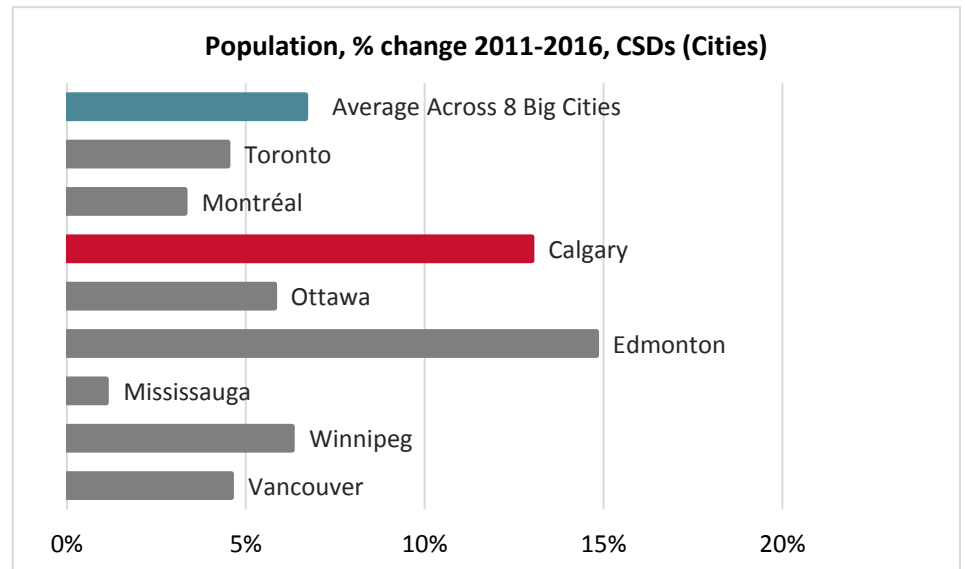


Figure 6: Population Growth 2011-2016, CSDs (Statistics Canada, 2017)

Calgary has a relatively low population density, compared with the other big cities, with a population density of 1,500 persons per square kilometer, compared to the average of 2,709 persons per square kilometer (see Figure 7). In this respect, Calgary may have kept housing costs down through growth at its edges, however, urban sprawl has disadvantages and “it is now widely recognized that it is not sustainable to meet housing demand largely through low-density development at the edges of cities.” (Canada Mortgage and Housing Corporation, 2018)

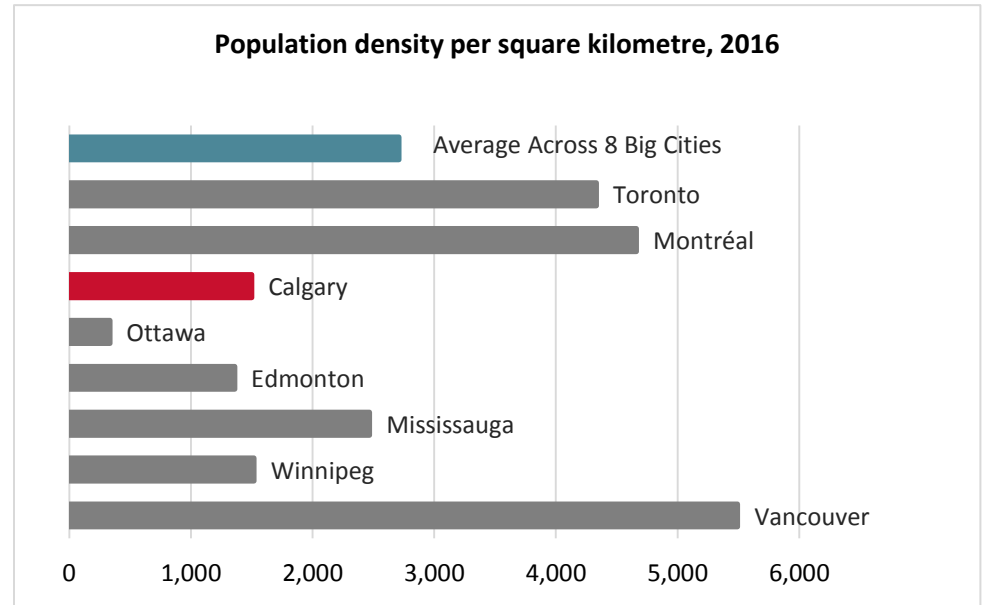


Figure 7: Population Density, CSDs, 2016 (Statistics Canada, 2017)

## HOUSING SUPPLY

The primary objective of this research is to compare Calgary's housing supply to the housing supply in Canada's largest cities.

Between 2001 and 2016, all of the big cities added housing stock at a rate higher than growth in households (see Figure 8). However, the timing of development and the type of housing each city has added varies.

Calgary's rate of growth has been high, with dwelling starts generally outpacing all of the other cities since 2006, when examined as a percentage of existing housing stock using 2006, 2011 and 2016 Census data (see Figure 9). Housing activity in oil-dependent cities like Calgary and Edmonton is tied to crude oil markets (Canada Mortgage and Housing Corporation, 2018).

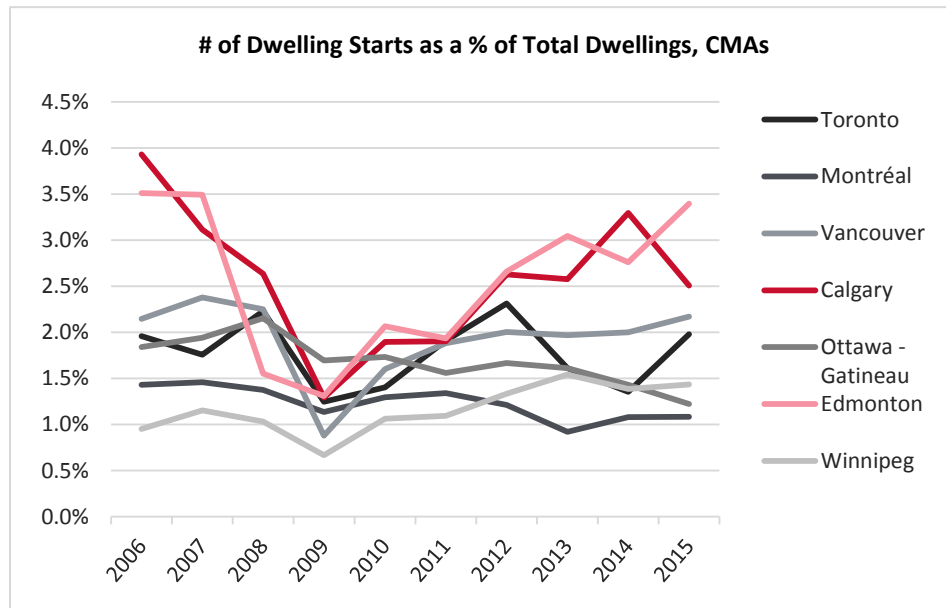


Figure 9: Dwelling Starts as a % of Total Dwellings, CMAs (Canada Mortgage and Housing Corporation, 2015)

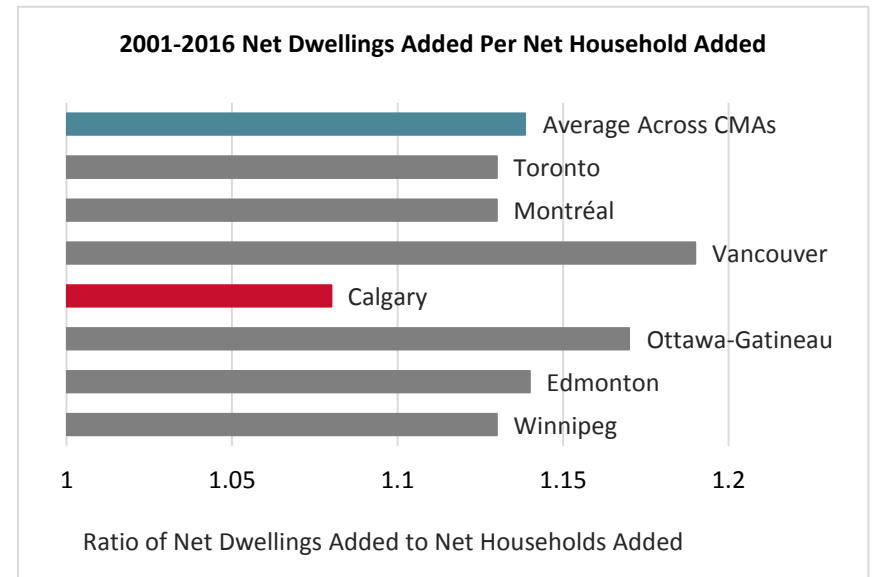


Figure 8: 2001-2016 Net Dwellings Added Per Net Household Added (Rose, 2017)



Figure 10: Wildwood affordable housing development ground breaking

A healthy housing system includes a diverse mix of housing tenures and forms, and this section of the report will examine each of these separately, beginning with housing tenure.

## Tenure

**Calgary has the second highest homeownership rate among the big cities, at 71%** (see Figure 11), **and the highest rate among the seven largest CMAs, at 73%** (see Figure 12). This could be due to a high median household income driving market response.

Homeownership rates in the CMAs have been relatively stable since 2006, with moderate increases in Montreal, Quebec City, Winnipeg, and Edmonton, and decreases in Vancouver, Toronto, Ottawa-Gatineau and Calgary (see Figure 13).

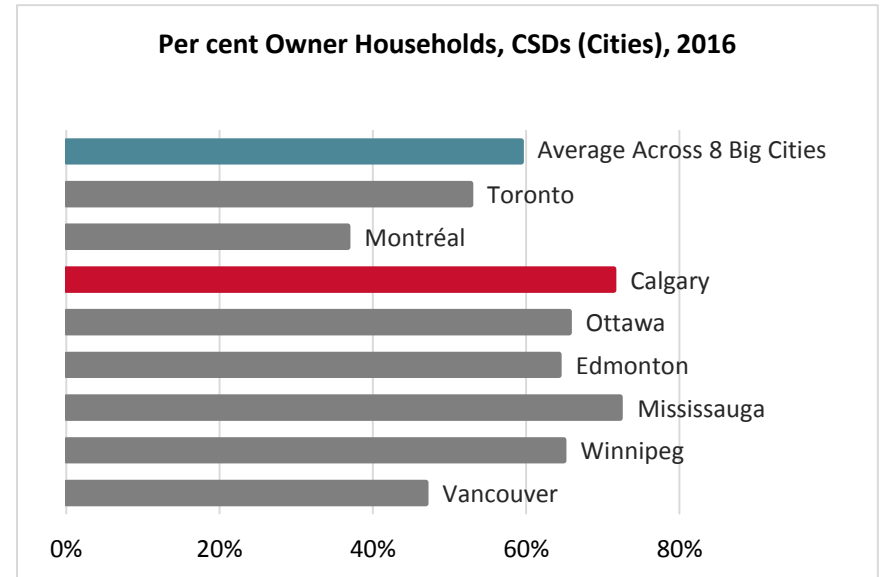


Figure 11: Per Cent Owner Households, CSDs, 2016 (Statistics Canada, 2017)

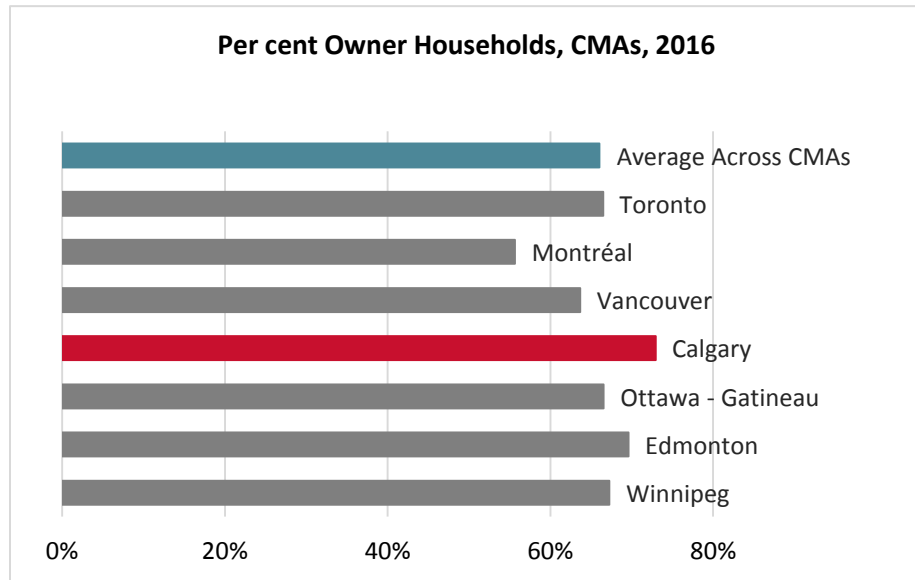


Figure 12: Per Cent Owner Households, CMAs, 2016 (Statistics Canada, 2017)

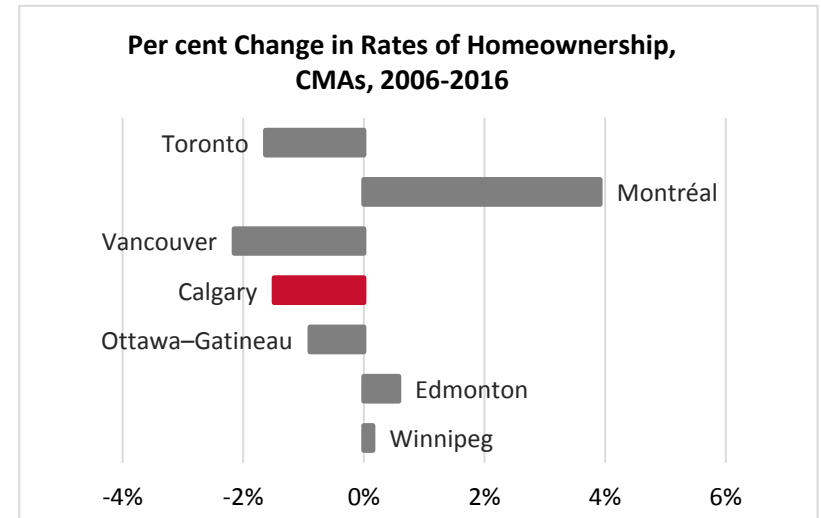


Figure 13: Per Cent Change in Rates of Homeownership, CMAs, 2006-2016 (Statistics Canada, 2017)

Calgary has owners and renters in every income bracket, with most households in the higher income brackets owning their home, and most households in the lower income brackets renting theirs (see Figure 14).

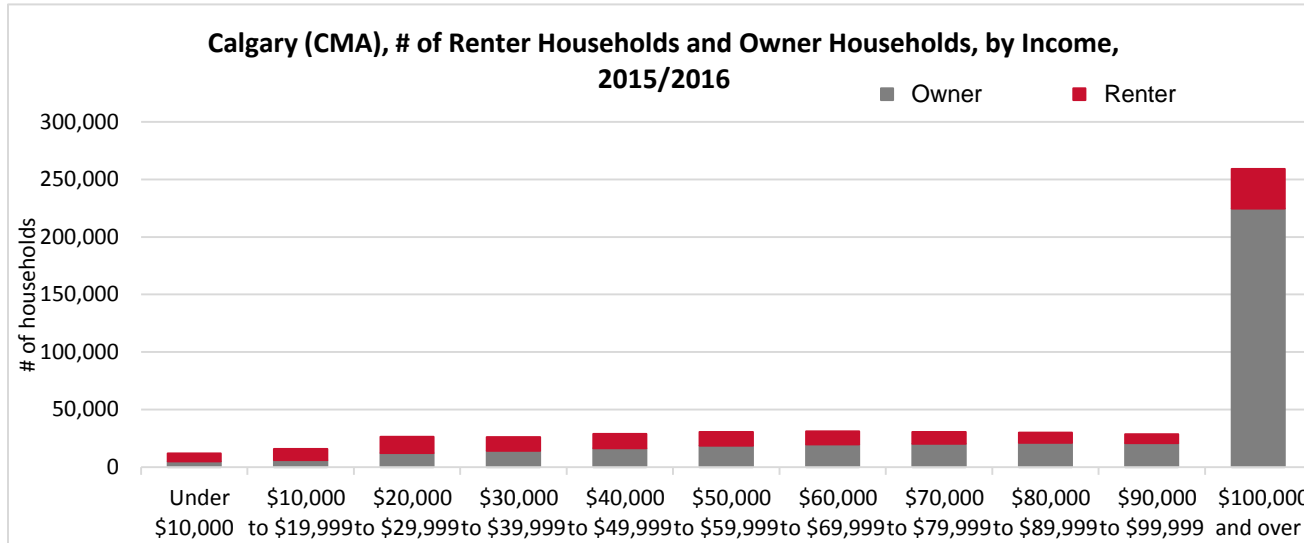


Figure 14: # of Renter & Owner Households, Calgary CMA (Statistics Canada, 2017)

**IN CALGARY, TENURE AND INCOME ARE LINKED. 83% OF HOUSEHOLDS WITH INCOMES ABOVE \$80,000 OWN THEIR HOME, WHILE ONLY 16% RENT THEIR HOME. IN COMPARISON, 48% OF HOUSEHOLDS WITH INCOMES BELOW \$60,000 RENT THEIR HOME, AND 52% OWN THEIR HOME.**

Among the eight cities, **Calgary has the second-lowest proportion of renter households, at 29%** (Mississauga has the lowest, at 28%). The average across the cities is 41% (see Figure 15). These renter households may be renting a variety of homes – from purpose-built apartments to private condominium rentals to single-family homes. The majority, however, are likely renting in the ‘secondary market’, that is, housing units that were built for ownership, but have been turned into rentals privately by their owners.

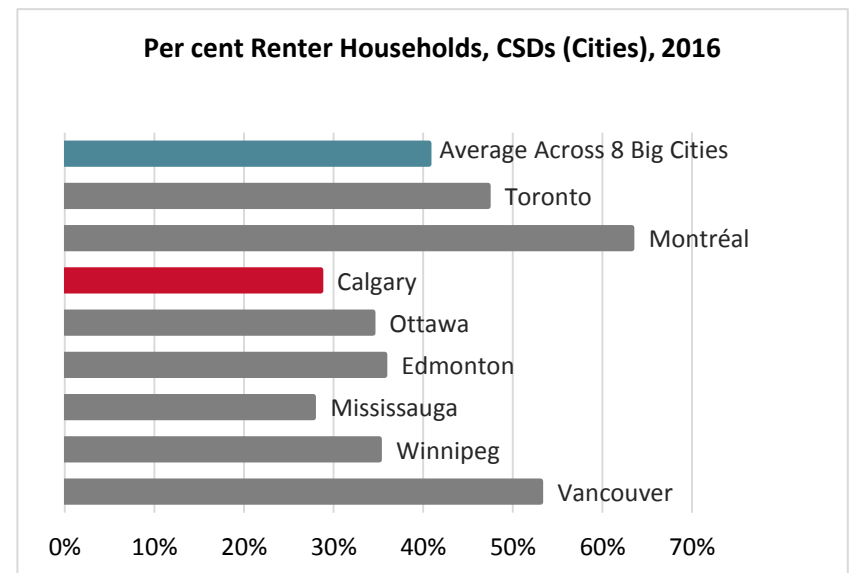


Figure 15: Per Cent Renter Households, CSDs, 2016 (Statistics Canada, 2017)

The rental supply across the CMAs was also examined, to account for any differences in data between the two geographies. **Among the CMAs, Calgary has the lowest proportion of renter households, at 27%.** The average across the CMAs is 34% (see Figure 17).

The supply of purpose-built rental stock in the Calgary CMA is very limited, and is far below the numbers in all the other cities. **Only 7% of dwelling units in the Calgary CMA are purpose-built rental, the lowest across the seven CMAs, where the average is 16%** (see Figure 18). This may be an artefact of the relative size of the city during the ‘MURB era’<sup>7</sup>; Calgary was a small city compared to some of the other major cities when the bulk of rental housing was built under the MURB program from 1974-1981.



Figure 16: Whitehaven Manor acquisition

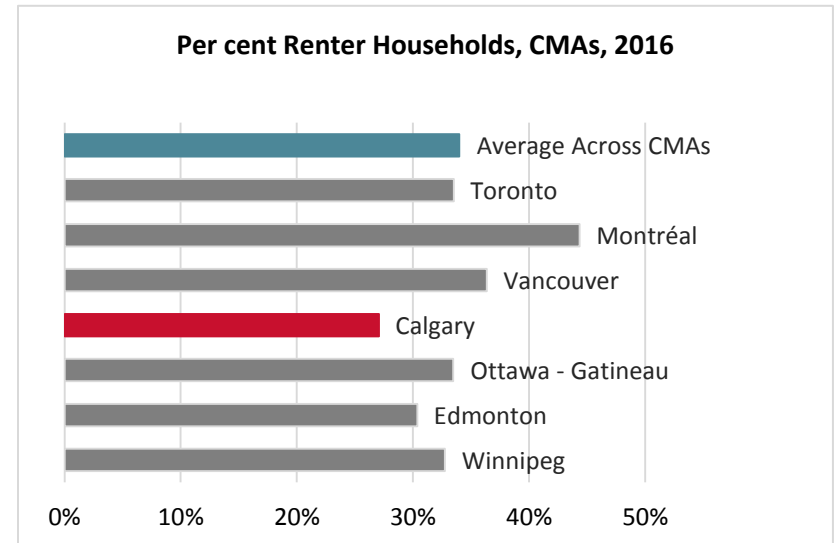


Figure 17: Per Cent Renter Households, CMAs, 2016 (Statistics Canada, 2017)

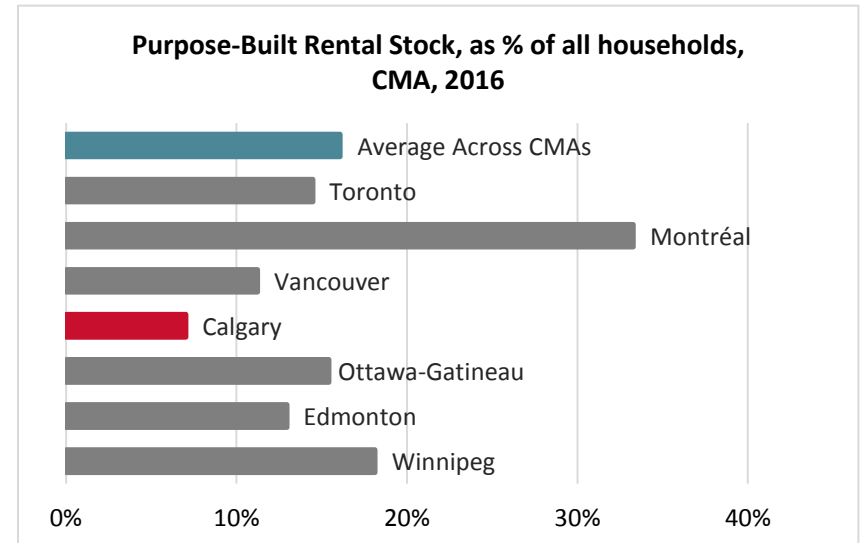


Figure 18: Per Cent Purpose-Built Rental Stock, CMAs, 2016 (Canada Mortgage and Housing Corporation, 2016)

<sup>7</sup> The ‘MURB Era’ refers to a period in time from 1974-1978 and 1980-1981 when Multi-Unit Residential Buildings were incentivized through Federal tax shelters.

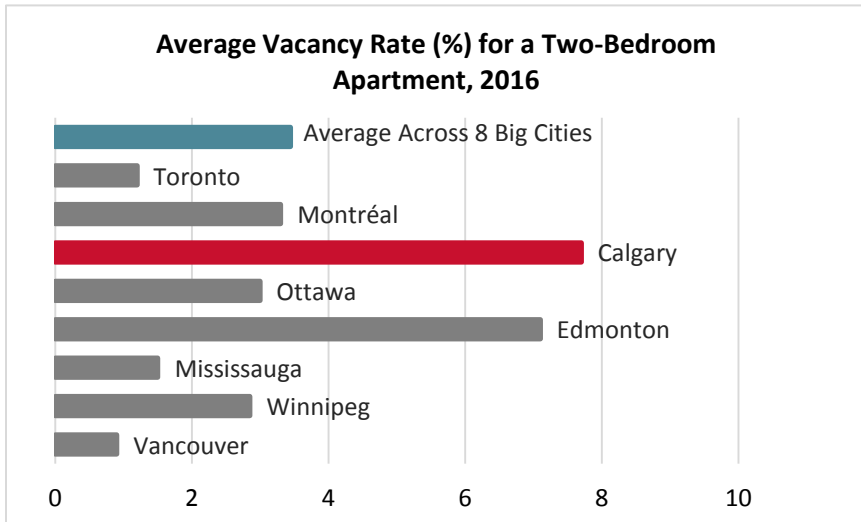


Figure 19: Vacancy Rates, Average 2-bedroom Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016)

Vacancy rates have been quite high in Calgary since 2015 (Canada Mortgage and Housing Corporation, 2017), and are currently the highest of the cities, at 7.7% (see Figure 19). A vacancy rate of 3% is typically considered a balanced rental market.

The age of rental stock varies across Canadian cities. For rental units in the lowest rent quintile, suitable for lower-income households, the average age of units is 54 years across the seven largest CMA. **Calgary's lowest quintile rental units are comparatively young, at an average age of 45 years** (see Figures 20 and 21). While these units are young relative to the other cities, they are still approaching an age where they may be in need of considerable renovation or redevelopment. The age of the lowest priced rental units in Toronto, Montreal, Ottawa-Gatineau and Winnipeg is likely a concerning factor for these metropolitan areas.

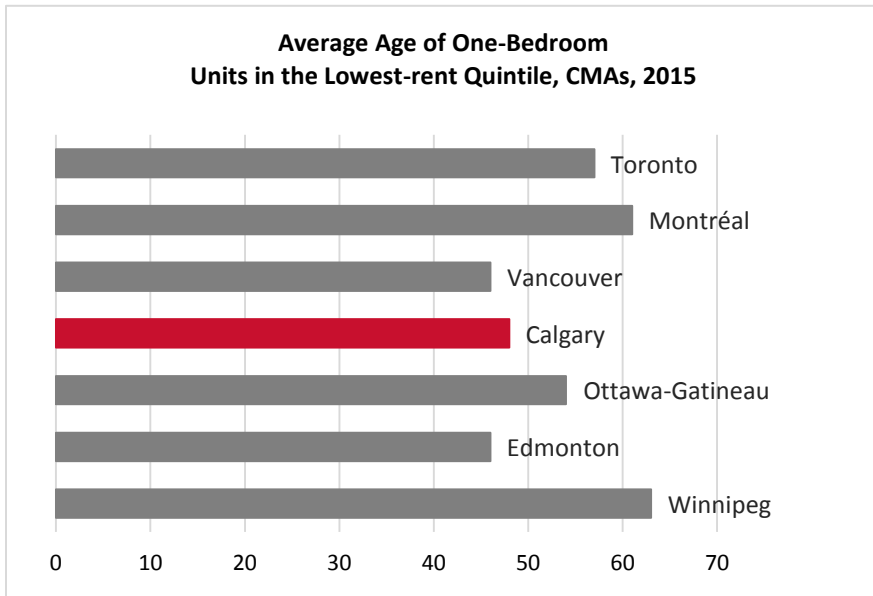


Figure 20: Average Age of Units in Lowest Rent Quintile, 1-Bdrm (Canada Mortgage and Housing Corporation, 2015)

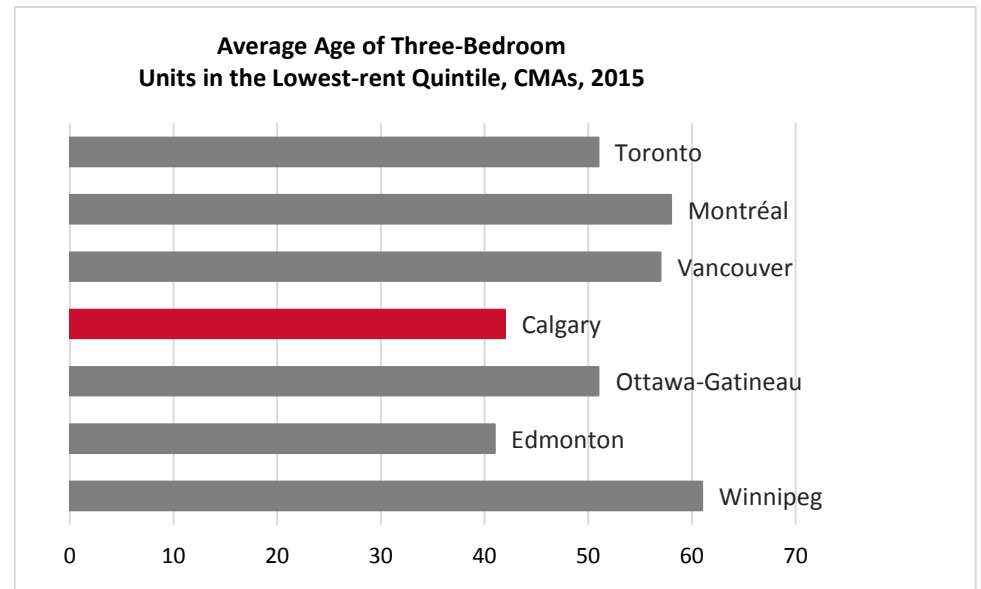


Figure 21: Average Age of Units in Lowest Rent Quintile, 3-Bdrm (Canada Mortgage and Housing Corporation, 2015)

Research done by CMHC in 2017 found that **for purpose-built rental construction, Calgary has one of the highest development costs in the country**, stating that even for a basic project with 50 units, development costs come in around \$313 per square foot. The CMHC report concludes that the economics of new rental development, across the country, is challenged – citing low cash-on-cash returns for new rental development in markets studied (Canada Mortgage and Housing Corporation, 2017).



**CALGARY HAS ONE OF THE HIGHEST DEVELOPMENT COSTS IN THE COUNTRY FOR PURPOSE-BUILT RENTAL CONSTRUCTION. THE ECONOMICS OF NEW RENTAL DEVELOPMENT IS CHALLENGED.**



Among the eight cities, **Calgary has the lowest proportion of households living in subsidized housing, at 2.9%. The average across the eight cities is 5.3%** (see Figure 22). It should be noted that this is likely more a reflection of supply than of affordable housing need. For example, in Calgary there are over 4,000 households on waiting lists for affordable housing.

Some of the key findings from The City of Calgary’s *Housing in Calgary: An Inventory of Housing Supply, 2015/2016* include:

- Nearly eighty per cent of non-market units are over 25 years old,
- Non-market units are not geographically distributed in the city; More than half of Calgary’s residential communities have zero non-market housing,
- Less than 7% of units built in the past 25 years have 3 or more bedrooms, and
- Twenty-five per cent of the units have an operating agreement that will expire within five years.

The supply of subsidized housing was also examined across the CMAs, to account for any differences in data between the two geographies. **Among the CMAs, Calgary has the lowest proportion of subsidized households, at 2.7%.** The average across the CMAs is 4.3% (see Figure 23).

There is a strong negative correlation (-0.753) between median household income and the proportion of households in subsidized housing in the cities. This means that the cities with higher median household incomes have lower proportions of households in subsidized housing.

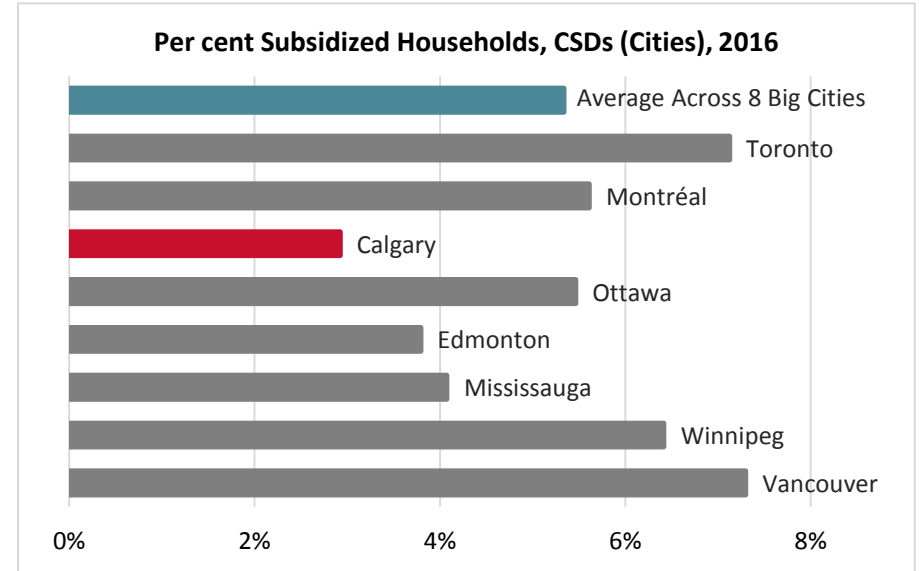


Figure 22: Per Cent Households in Subsidized Housing, CSDs, 2016 (Statistics Canada, 2017)

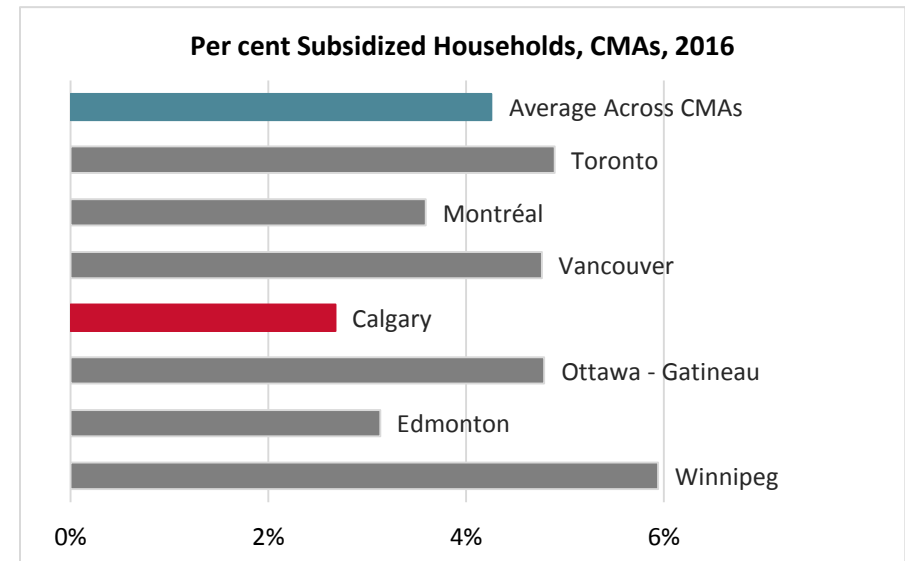


Figure 23 Per Cent Households in Subsidized Housing, CMAs, 2016 (Statistics Canada, 2017)

Finally, in the eight big cities, **Calgary emerges as having the lowest supply of co-operative housing, at 1,294 units, representing 0.3% of Calgary's housing stock.** The average across the cities is 1.0% (see Figure 25). While co-operative housing doesn't comprise a large proportion of housing supply in any of the cities, it does fill an important niche, providing affordable homes for thousands of households.

Co-operative housing is housing with joint membership. It is different than a condominium in that the co-operative, a legal association, is on title, and membership in the co-operative is determined by a board. Once approved, new members purchase a share in the co-operative.



Figure 24: Alberta 75 Housing Co-operative

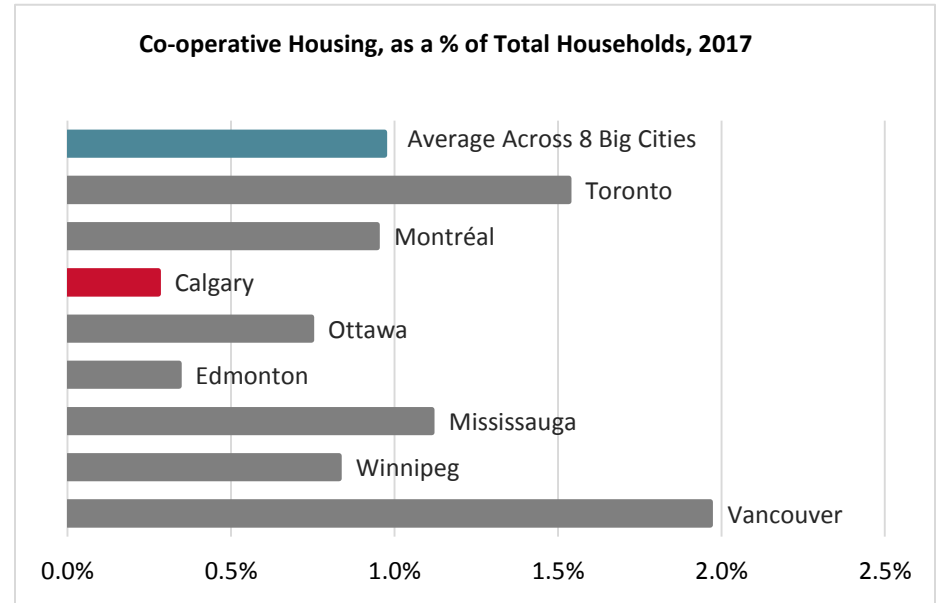


Figure 25: Per Cent Co-operative Housing, CSDs, 2017 (Co-operative Housing Federation of Canada, 2017)

## Form

In looking at the housing form in the eight big cities, a few differences emerge.

### Single-Family Dwellings

**Calgary has a significantly higher than average proportion of households living in single-family housing, at 56%.** The average across the cities is 36.5%, with wide variation (see Figure 26).

This research found a strong positive correlation (0.76) between median household income and the proportion of households living in single-family housing. This means that the cities with the highest household incomes also typically have the highest proportion of single-family housing.

### Other Attached Dwellings

**36.2% of Calgary's households are living in dwelling units defined as "other attached"** – these comprise semi-detached homes, row houses, apartments or duplexes, and units in low-rise apartment buildings. These types of housing are often referred to as the "missing middle". The average across the big cities is 43.3% (see Figure 27).

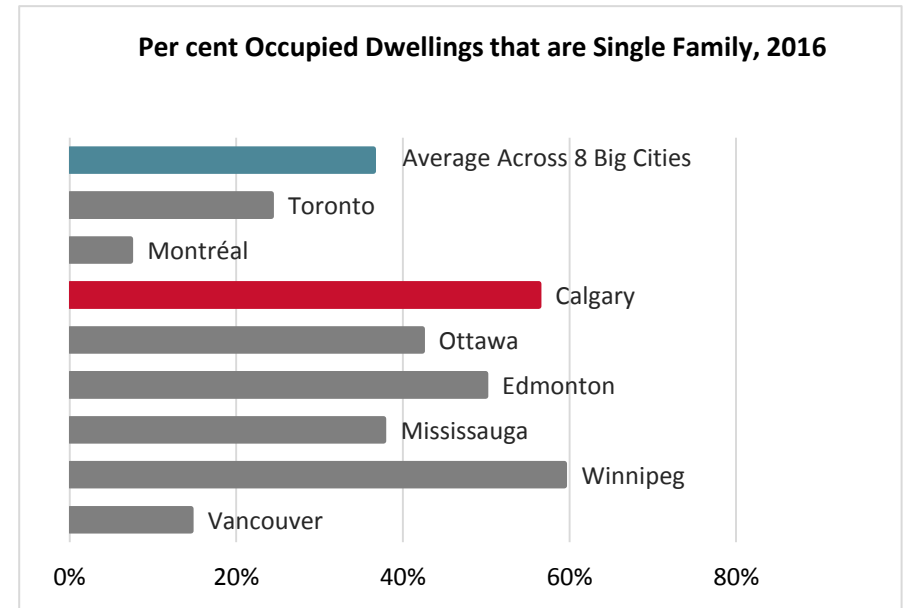


Figure 26: Per Cent Single-Family Housing, CSDs, 2016 (Statistics Canada, 2017)

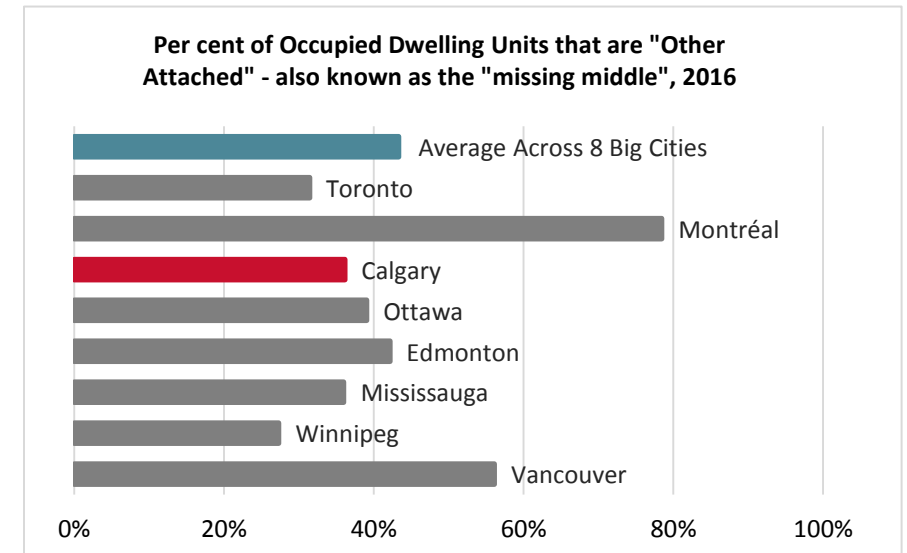


Figure 27: Per Cent Missing Middle, CSDs, 2016 (Statistics Canada, 2017)

### High-Rise Apartments

The proportion of households living in high-rise apartment buildings – buildings with 5 or more stories, is significantly lower in Calgary than in the other big cities (see Figure 28). **7% of Calgary's households live in high-rise apartment buildings, while the average across the big cities is 20%.** In contrast, 44% of Toronto's households live in high-rise apartment buildings.

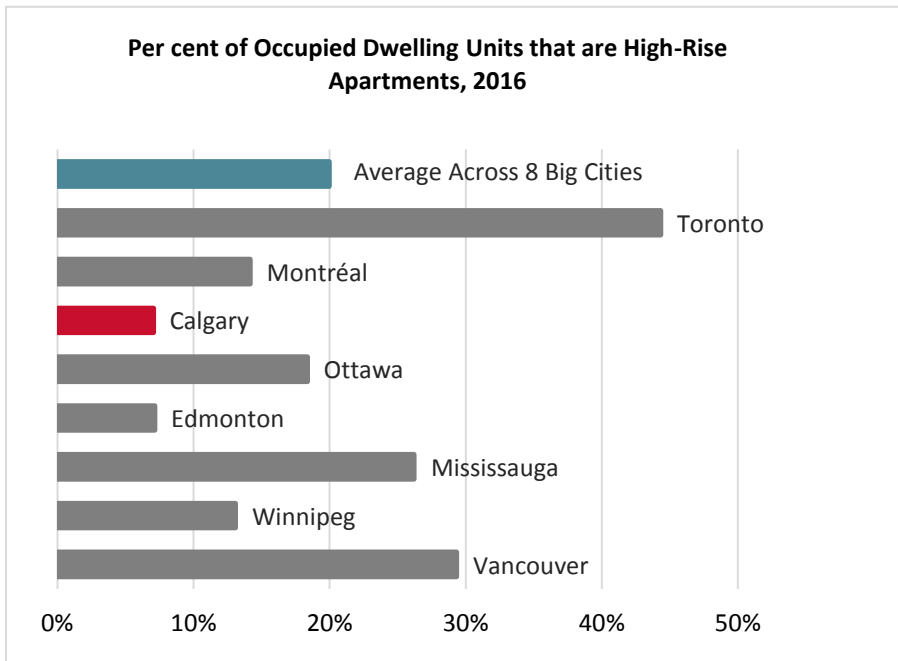


Figure 28: Per Cent High-Rise Apartments, CSDs, 2016 (Statistics Canada, 2017)



Figure 29: Lumino affordable housing development

## HOUSING AFFORDABILITY

### Measures of Affordable Housing Need

Housing affordability is a general measure of how affordable housing is. For housing to be affordable, the Canada Mortgage and Housing Corporation says a household should not spend more than 30 percent of gross income on rental shelter costs, and no more than 32 percent of gross household income on homeownership. It is also often used in relation to the cost of housing provided by the market, e.g. entry-level home prices.

CMHC's definition of core housing need is: "a household is in core housing need if its housing does not meet one or more of the adequacy, suitability or affordability standards, and it would have to spend 30% or more of its before-tax income to access acceptable local housing. Acceptable housing is adequate in condition, suitable in size, and affordable. 'Adequate housing' does not require any major repairs, according to residents. 'Suitable housing' has enough bedrooms for the size and makeup of resident households, according to National Occupancy Standard (NOS) requirements. 'Affordable housing' costs less than 30% of before-tax household income." (Canada Mortgage and Housing Corporation, 2016)

Among the eight big cities, **Calgary has the lowest proportion of households in core housing need, at 11.8%**; the average is 16% (see Figure 30). Also, Calgary ties with Winnipeg for having **the lowest proportion of households spending 30% or more of their income on shelter costs, at 22%**, while the average across the cities is 28% (see Figure 31). This does not mean that Calgary doesn't have affordability pressures – these measures simply look at how the city is doing on average.

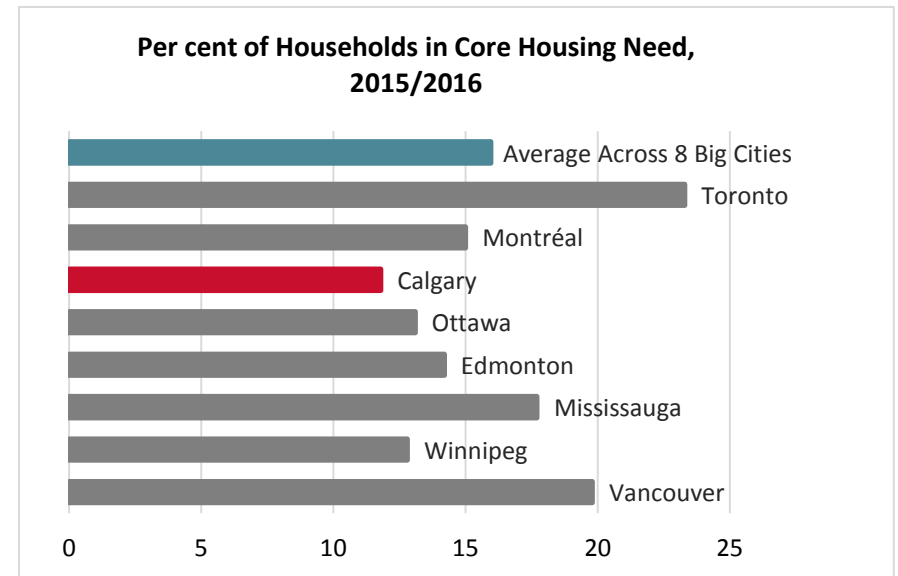


Figure 30: Per cent Households in Core Housing Need, 2015/2016 (Statistics Canada, Canada Mortgage and Housing Corporation, 2017)

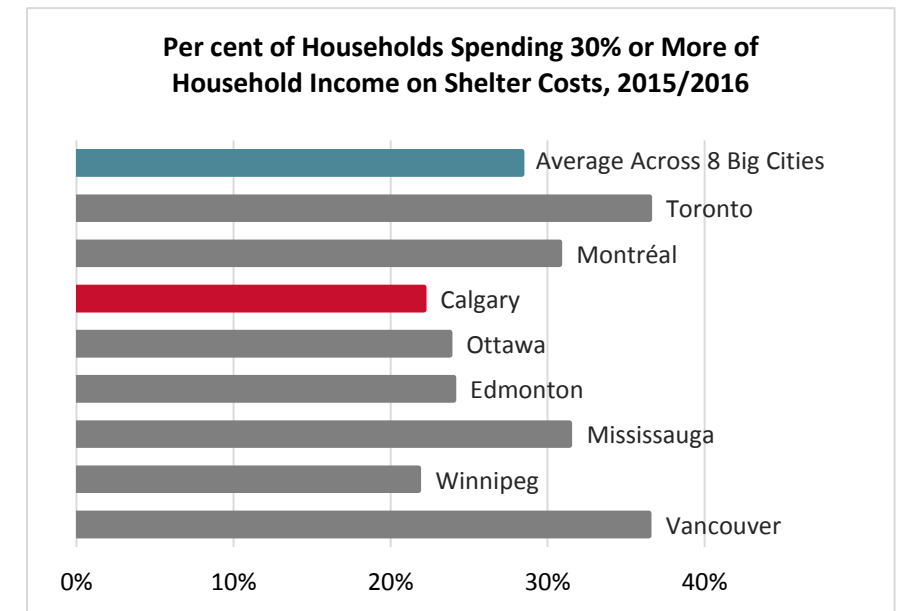


Figure 31: Per cent Households Overspending, 2015/2016 (Statistics Canada, 2017)

**Core housing need grew in Calgary faster than any other big city from 2006 to 2016, at 26% compared to an average of 3.4%** (see Figure 32). It should be noted, however, that this was an increase from 9.4% to 11.8%. Additionally, while the rate of core housing need declined in Toronto, Montreal and Vancouver, the absolute decline was small (for example, from 23.7% to 23.3% in Toronto).

These changes may actually be significantly impacted by the methodology used to estimate core housing need. In a low vacancy market, core housing need underestimates actual need. Core need estimates are derived by matching households with suitable rental housing using household incomes and average market rent. If a household's income does not match the rent required for a suitable unit, that household is counted as being in core housing need. However, in a low vacancy market, households that could theoretically afford a rental unit that suits their household composition (i.e. enough bedrooms for all family members), might not be able to actually find that rental unit, because the supply is limited. When discussing core housing need, users should consider vacancy rates, and therefore, actual availability of units. This is especially exaggerated in a high-income city. When looking at Figure 32, it should be noted that vacancy rates for 2-bedroom apartments in Calgary in 2006 were 0.5%, whereas in 2016 they were 7.7% (Canada Mortgage and Housing Corporation, 2017), (Canada Mortgage and Housing Corporation, 2006). Therefore, actual housing need was likely underestimated in 2006 for Calgary, and is likely underestimated in 2016 for Toronto, Vancouver, Mississauga and Winnipeg (as the vacancy rates in 2016 were below 3%, indicating an unbalanced market).

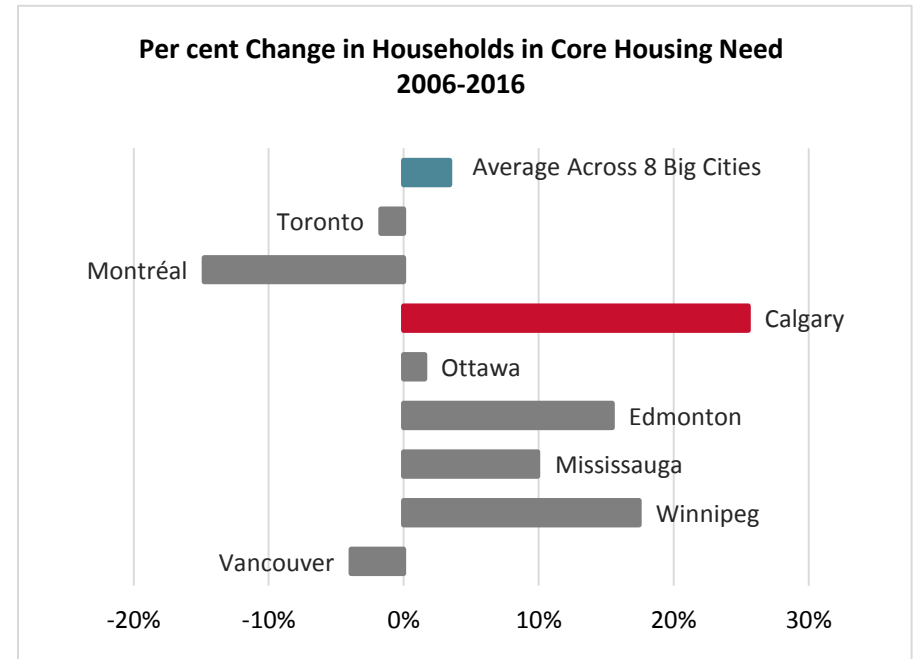


Figure 32: Per cent Change in Core Housing Need, 2006-2016 (Statistics Canada, Canada Mortgage and Housing Corporation, 2017)



Figure 33: Vista Grande affordable housing development

## Cost of Housing

According to data compiled by CMHC, **the average home price in the resale market across the seven largest CMAs was \$503,341 in 2016; for Calgary it was \$463,047.** Vancouver is by far the most expensive city to buy a home in, with an average resale price of \$1,017,228 in 2016, while Winnipeg is the least expensive (see Figure 34).

Average resale prices are strongly correlated (0.88) with the incidence of overspending in the metropolitan areas, meaning that cities with the highest home prices also have the highest incidence of households overspending.

When looking at average rents across the cities, Calgary sits in the middle (see Figure 35 and Figure 36). Average rent for a bachelor apartment in Calgary is \$859, while the average across the eight cities is \$831. **Average rent for a two-bedroom apartment in Calgary is \$1,260, while the average across the cities is \$1,241.**

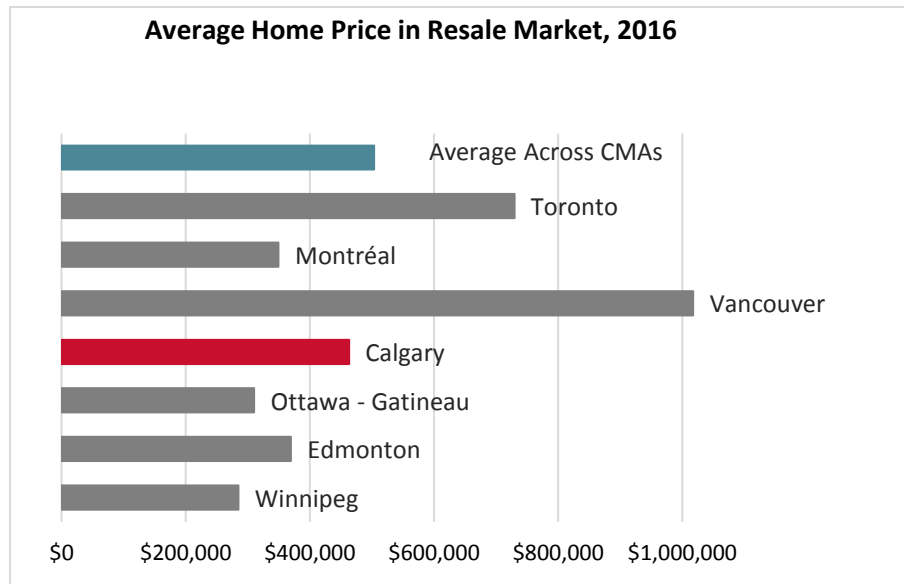


Figure 34: Average Resale Prices, CMAs, 2016 (Canada Mortgage and Housing Corporation, 2017)

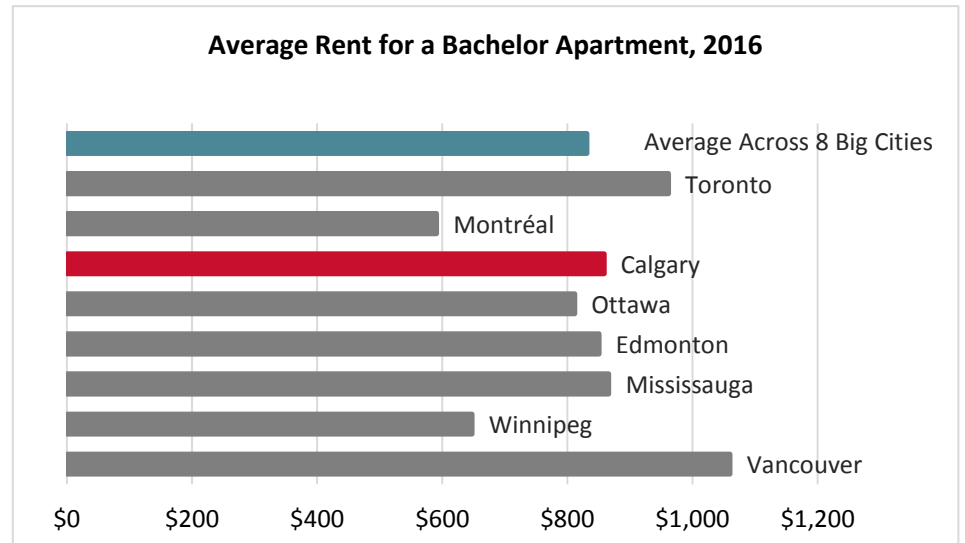


Figure 35: Average Rent for a Bachelor Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016)

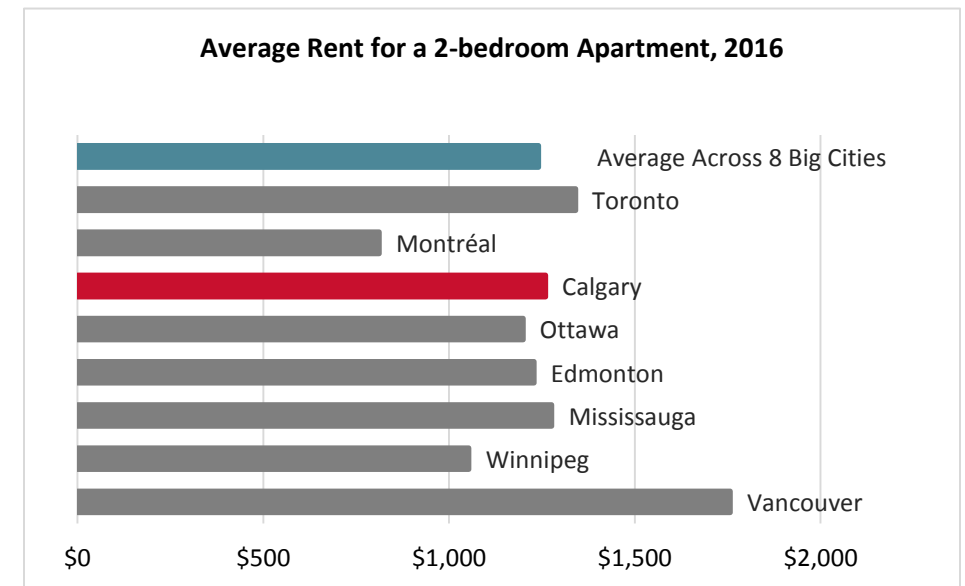


Figure 36: Average Rent for a 2-bedroom Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016)

**While vacancy rates have been quite high in Calgary since 2015 (Canada Mortgage and Housing Corporation, 2017), and are currently the highest amongst the cities, rents have not declined substantively.** According to the latest publication of CMHC's Rental Market Report, average two-bedroom rent declined by 0.9% (\$11) from 2016 to 2017, and sample-sample rents for 2-bedroom units declined by 1%. Sample-sample rents are rents for units common to both the 2016 and 2017 survey.

**A HOUSEHOLD WOULD NEED TO EARN AN ANNUAL INCOME  
OVER \$50,000 TO BE ABLE TO AFFORD AN AVERAGE 2-  
BEDROOM APARTMENT IN CALGARY.**

**A PERSON WORKING FULL-TIME EARNING MINIMUM WAGE  
IN ALBERTA EARNS JUST OVER \$28,000 PER YEAR.**



Figure 37: Crescent Heights affordable housing development



## A CLOSER LOOK AT CALGARY

At first glance, Calgary appears to be doing well compared to the other cities when looking at the averages for measures of need (lowest incidence) and housing costs (comparable to average). However, looking only at the averages of these variables masks the significance of their distribution. Further analysis shows that Calgary is facing particular challenges.

### High Household Income

Calgary has enjoyed some of the highest household incomes in Canada's big cities for many years; **in 2015 the median household income was \$97,334**, while the average across the cities was \$75,418 (see Figure 38). Figure 39 helps illustrate what this high median income means for Calgary – put simply, there are just as many households in the Calgary metropolitan area with a household income over \$100,000 as there are total households with a household income less than \$100,000.

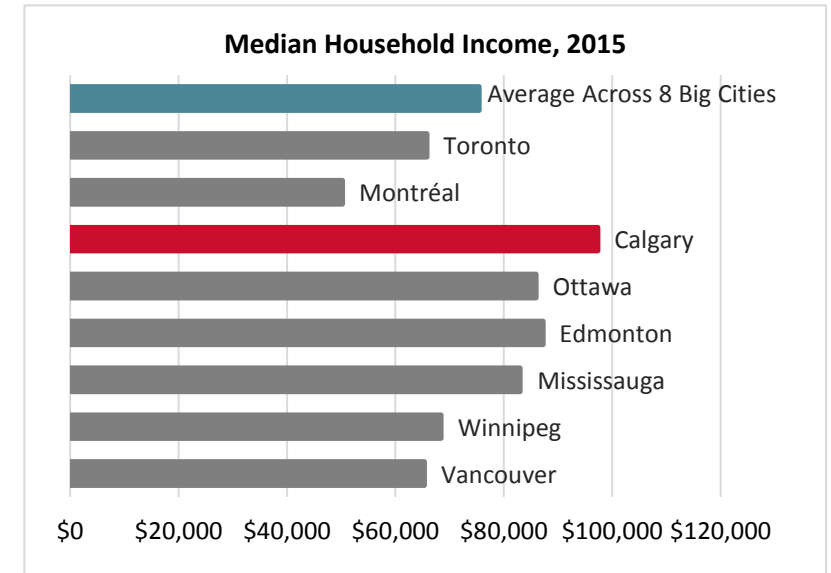


Figure 38: Median Household Incomes, 2015 (Statistics Canada, 2017)

### Why Does High Household Income Matter?

High incomes are a fundamental factor in increases to home prices - "In oil dependent provinces, changes in disposable income are closely tied to changes in oil prices, which therefore influences the amount of income available to spend on housing" (Canada Mortgage and Housing Corporation, 2018)

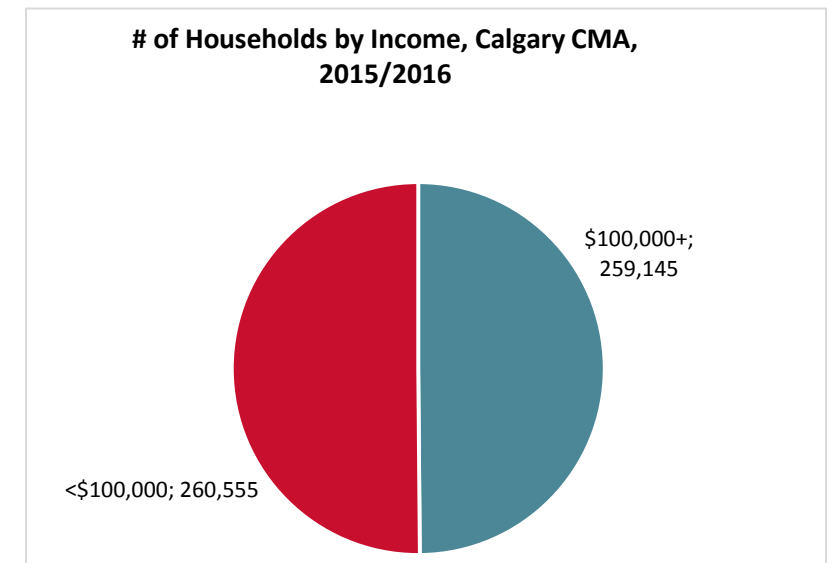


Figure 39: Median Household Income Split, Calgary CMA, 2015 (Statistics Canada, 2017)

## Income Distribution and Income Inequality

Figure 40 shows how incomes are distributed among the CMAs. While the average split between >\$80,000 and <\$30,000 across the seven CMAs is 49%:16%, for Calgary it is 61%:10%.

Income inequality is the extent to which income is distributed unevenly in a place. A Gini coefficient is metric widely used by economists as a measure of inequality of income. A Gini coefficient of zero means perfect equality, where all incomes are the same, while a Gini coefficient of 1 expresses maximal inequality (The Conference Board of Canada, 2018).

**Among the eight big cities, income inequality is most exaggerated in Calgary** (see Figure 41). What's more, Calgary's income inequality has increased at a rate four times the national average since 1982, while Toronto's has increased three times the national rate Vancouver's has increased 2.5 times the national rate (Fong, 2017).

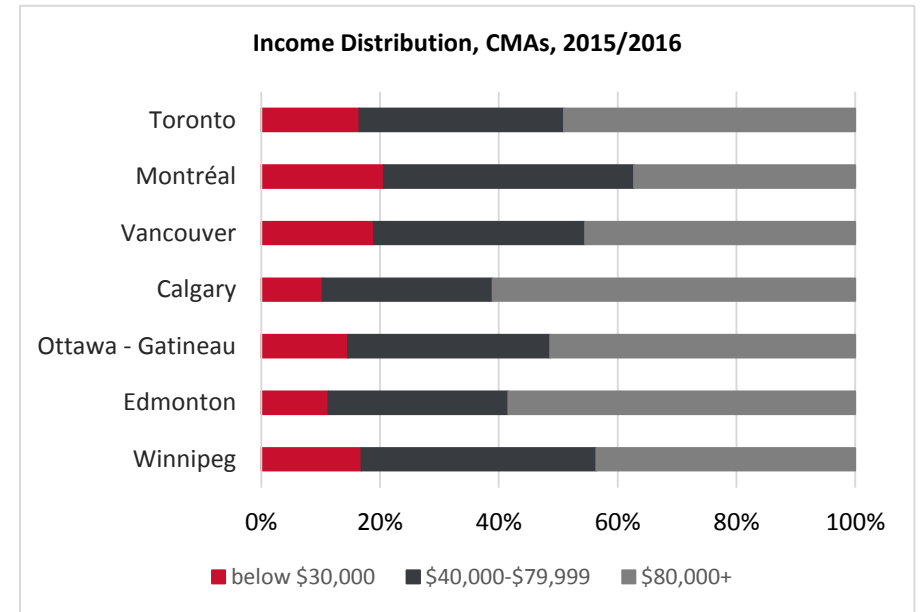


Figure 40: Income Distribution, CMAs, 2015/2016 (Statistics Canada, 2017)

## Why Does the Distribution of Income Matter?

The distribution of income is an important indicator of the health of a society, because it impacts social inclusion. *“Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the types of diet, participate in the activities and have the living conditions and amenities which are customary, or at least widely encouraged, or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.”* -Peter Townsend

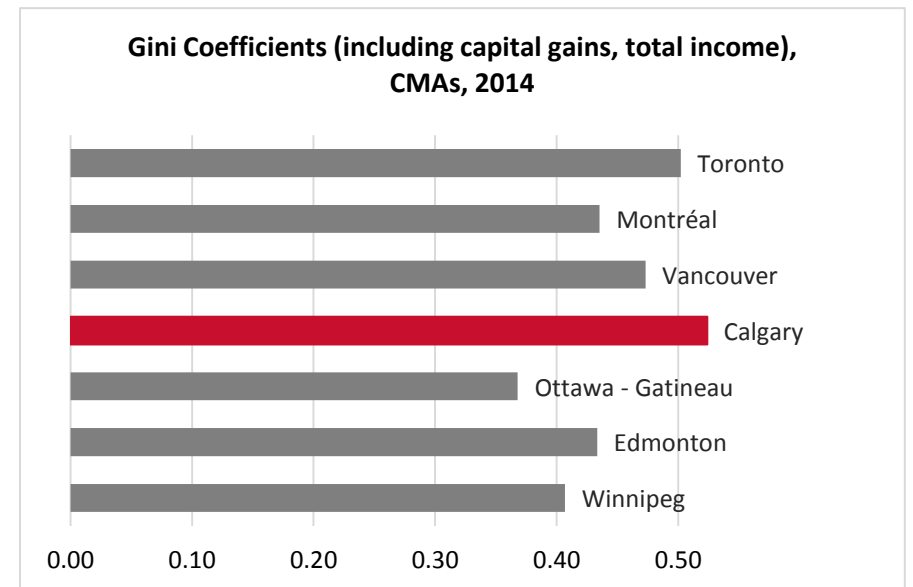


Figure 41: Gini Coefficients (total income), CMAs, 2014 (Fong, 2017)

In Calgary, housing affordability challenges are very concentrated in lower-income households. In total, 22% of all households are overspending in the Calgary CMA; **60% of households in the lower-income categories (with household incomes below \$60,000) are overspending**, while only 8% of households in the income categories above \$60,000 are overspending (see Figure 42).

Recent research by The School of Public Policy at The University of Calgary found that **for Canadians in the lowest income quintile, Calgary is the most expensive city to live in**. The research examined households in the lowest income quintile<sup>8</sup> together with the type of housing they would need to live in for each city, and concluded that for households that rely on social assistance, Calgary is the least affordable city in Canada (The School of Public Policy, 2016). For example, a single parent in the lowest income quintile would need to commit over 80% of their income to pay rent for a one-bedroom apartment in the city (see Figure 43).

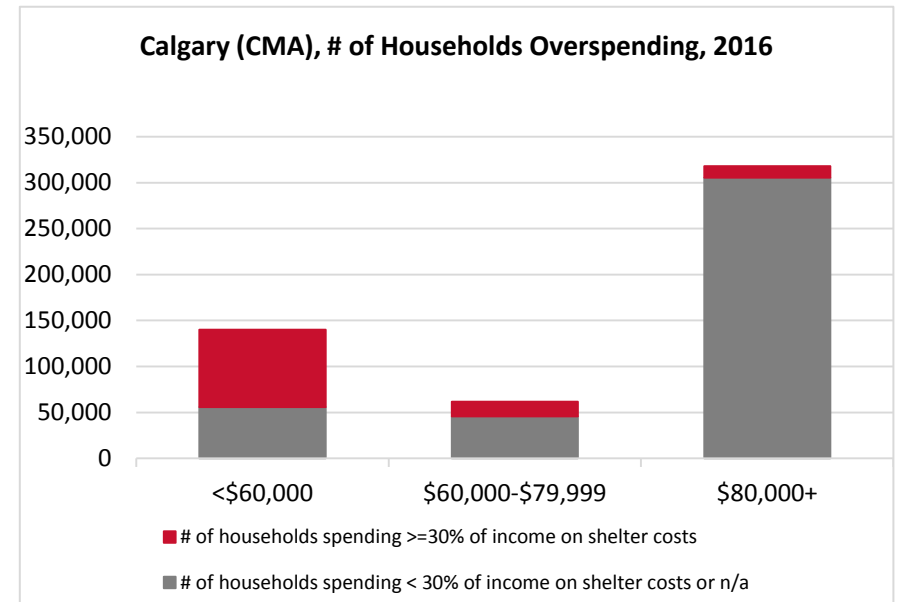


Figure 42: Households Overspending by Income, Calgary (CMA) (Statistics Canada, 2017)

**IN CALGARY, 60% OF HOUSEHOLDS WITH INCOMES BELOW \$60,000 ARE OVERSPENDING ON HOUSING (SPENDING 30% OR MORE OF THEIR INCOME ON SHELTER); ONLY 4% OF HOUSEHOLDS EARNING ABOVE \$80,000 ARE OVERSPENDING.**

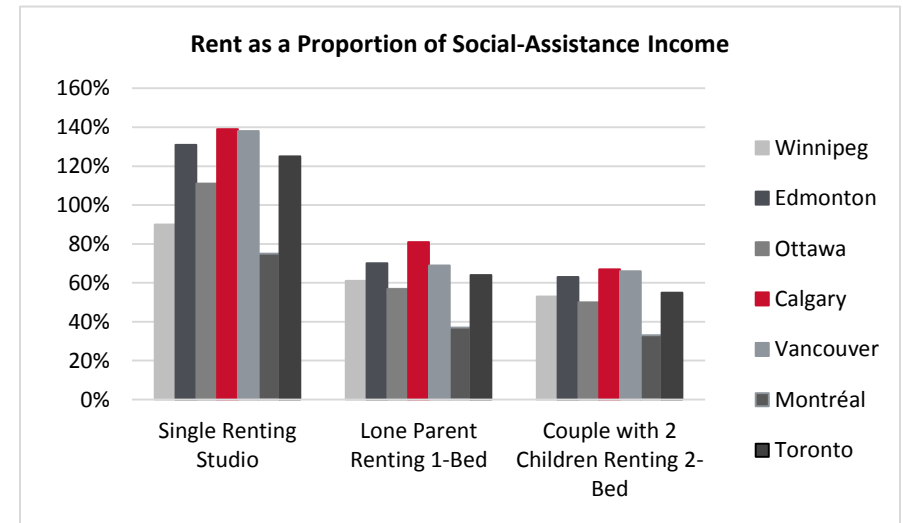


Figure 43: Rent as a Proportion of Social Assistance Income (The School of Public Policy, 2016)

<sup>8</sup> the lowest 1/5 of incomes

Furthermore, 2015 research done by CMHC found that rents in the lowest-rent quintile<sup>9</sup> in Calgary are among the highest of all the cities in Canada (see Figures 44, 45, 47). **Among all 33 CMAs, Calgary ranks as having the most expensive rents in the lowest-rent quintile for one and two-bedrooms, the third highest for bachelor units, and the eleventh highest for three or more bedroom units.** This compounds the challenges for the lowest income quintile households, who likely are trying to rent the cheapest apartments.



Figure 46: Bridgeland affordable housing development

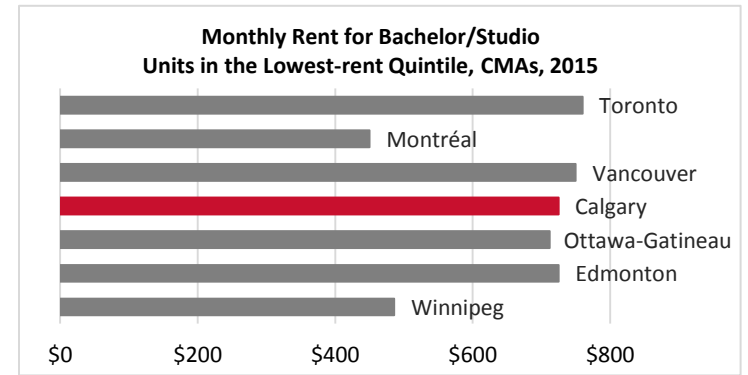


Figure 44: Rents in Lowest-Quintile, Bachelor/Studio, CMAs (Canada Mortgage and Housing Corporation, 2015)

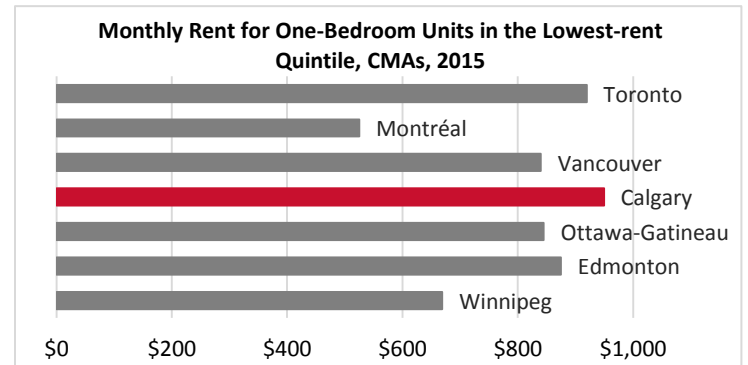


Figure 45: Rents in Lowest-Quintile, One-Bedroom, CMAs (Canada Mortgage and Housing Corporation, 2015)

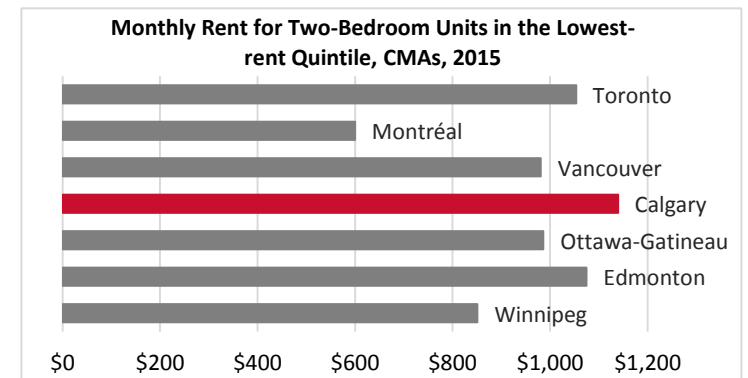


Figure 47: Rents in Lowest-Quintile, Two-Bedroom, CMAs (Canada Mortgage and Housing Corporation, 2015)

<sup>9</sup> the cheapest 1/5 of rental units

## CORRELATIONS

This research has included an analysis of the correlation between the incidence of overspending on shelter and other measures. Some of the stronger correlations are presented here. The methodology section of this report provides an overview of the analysis.

The incidence of overspending on shelter is strongly correlated with the size of cities, with a positive relationship (0.78) (see Figure 48). In other words, larger cities had higher rates of overspending. **As Calgary's population grows, the housing affordability issue may also grow.**

The incidence of overspending is strongly correlated with the presence of high-rise apartment buildings, with a positive relationship (0.847). Interestingly, the correlation between city size and high-rise apartment building is fairly weak, at 0.421. This suggests that the correlation between overspending and the presence of high-rise apartments is more nuanced than can be simply attributed to the size of the city. This might be explained by investor speculation, or other factors.

The incidence of overspending is moderately correlated with household income across the cities, with a negative relationship (-0.578). Cities with higher household incomes had lower rates of overspending. **If Calgary's median household income drops with the new economic conditions, housing affordability may also decline.**

A strong negative correlation exists between apartment vacancy rates and the incidence of overspending, at -0.71 (see Figure 49). **Cities with low vacancy rates in purpose-built apartments had high rates of overspending.**

Finally, there is a moderate positive correlation between average rental rates and the incidence of overspending; 0.53 for bachelor units and 0.47 for 2-bedroom apartments. Interestingly, there is very little correlation between average rents and city size (population). The correlation between population and average 2-bedroom rent is -0.2 for the cities, and -0.04 for the CMAs. The correlation between population and average rents for bachelor apartments is 0.03 for cities. This means that rents do not relationally increase when city population increases.

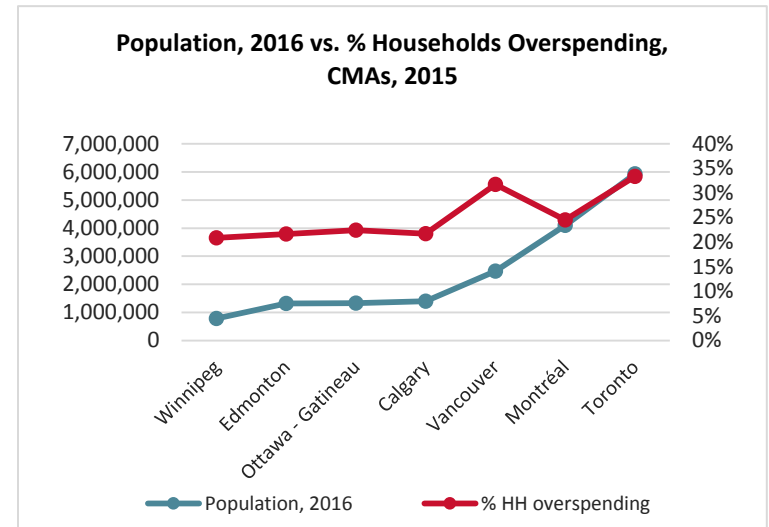


Figure 48: Population, 2016 vs. % Households Overspending, CMAs (Statistics Canada, 2017)

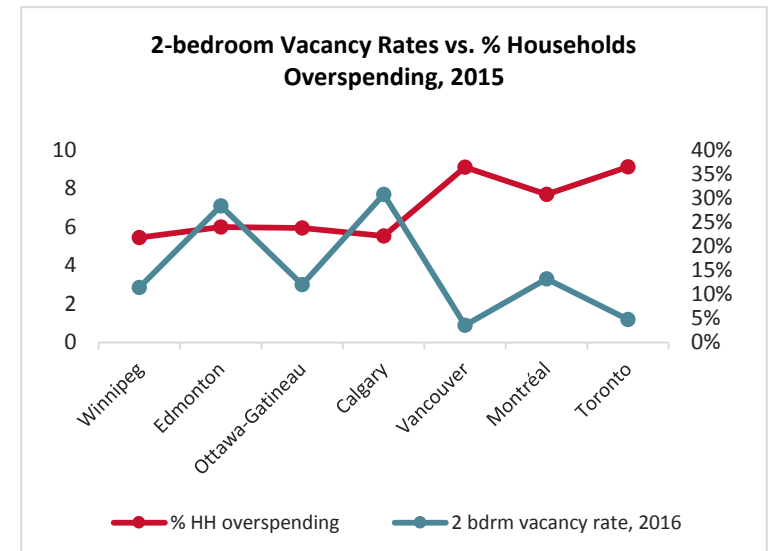


Figure 49: 2-Bedroom Vacancy Rate vs. % Households Overspending, CSDs, 2015/2016 (Canada Mortgage and Housing Corporation, 2016) (Statistics Canada, 2017)

## HOUSING STRATEGIES AND PLANS

This section of the report aims to provide a brief overview of the current housing strategies and plans used by the eight largest cities to impact housing affordability. This is useful for understanding the housing challenges of other cities, and how those cities have responded. It is important to note, however, that each city may have tailored their approaches based on varying factors, such as economic conditions, political environment, and involvement from the private and non-profit housing sectors. With this in mind, special attention was given to tools that could be applied in Calgary to achieve the three recommendations of this report, that is, increase rental housing supply, protect rental housing supply, and diversify ownership stock. These specific actions are highlighted under each city.

### Toronto

Toronto City Council adopted the *Housing Opportunities Toronto (HOT) Action Plan 2010-2020* in 2009. The Action Plan was developed as a roadmap for affordable housing, to steer the work and investment decisions of the City of Toronto in partnership with other levels of government and the housing sector.

*HOT* is centered on eight themes with 67 recommended actions. The eight themes are:

1. Creating housing opportunities in all neighbourhoods,
2. Help homeless and vulnerable people find and keep homes,
3. Assist families and individuals to afford rents,
4. Preserve and repair rental housing,
5. Revitalize neighbourhoods,
6. Create new affordable rental homes,
7. Help people buy and stay in their homes, and
8. Working together.

Some of the 67 recommended actions that might be applicable in Calgary include:

- Support the acquisition and renovation of residential apartment and similar buildings such as single room occupancy (SRO) hotels to provide sustainable, affordable rental homes,
- A set of funding and legislative asks to the Federal and Provincial governments,
- Eviction prevention strategies,
- Transforming the social housing waiting list,
- Supporting Toronto Community Housing (TCH) to implement its Real Estate Asset Investment Strategy,
- Strengthening the non-profit and co-operative housing sectors,
- Applying the City's conversion and demolition bylaw to preserve rentals,
- Ensuring the existing private rental stock is maintained in good repair through a permanent proactive strategy program, such as the Multi-Residential Apartment Building Strategy,
- Supporting affordable housing revitalization efforts, and

- Supporting the development of new affordable housing through a variety of measures including allocating a portion of funding from the Development Charges Bylaw and extending City incentives.

(The City of Toronto, 2018)

## Montréal

Housing interventions in the Ville de Montréal (City of Montréal) are led by the city's housing section, Direction de l'habitation. Under a vision centered on strengthening the social, demographic and economic balance with a diversified residential supply including affordable housing, Direction de l'habitation has been responding to the major housing issues in the city via three axes for action:

1. Maintaining and upgrading the existing private housing stock
  - a. Intervening on substandard housing
  - b. Renovation subsidies
2. Responding to social needs
  - a. Homelessness
  - b. Families and seniors
  - c. Neighbourhood revitalization
  - d. Issues within the older social housing stock
3. Insuring balanced residential growth with respect to affordable housing, family-oriented development, and overall regional growth
  - a. Affordable housing
  - b. Family-oriented development
  - c. Overall regional growth

Some of the key actions implemented by Direction de l'habitation since 2002 have included:

- Financial assistance in the form of renovation subsidies for 30,000 housing units,
- 17,000 substandard units targeted by inspections and follow-up on corrective work,
- Special interventions (inspections + redevelopment) on large-scale degraded rentals in targeted revitalization sectors,
- Conversion of private rooming houses into not-for-profit housing,
- Creation of:
  - 1,900 social housing units for the homeless, through new construction and renovation of existing buildings
  - 5,500 units for families, including more than 2,400 large (3+ bedroom) units,
  - 3,500 units for single persons or small households,
  - 4,200 units for seniors
- Using housing programs to redesign problem sites and support distressed neighbourhoods
- Mobilizing every available housing program to insure a balanced residential growth. For example:
  - Financial aid through homeownership programs to 15,000 households,
  - *Acces Condos* (Access to Homes) program created 4,000 new units,

- Construction subsidies to 7,600 new units,
- Home adaptation subsidies to 4,600 units, and
- 15,000 social housing units, 80% new construction.
- Adopting the *plan de fidelisation des familles 2014-2017* (Plan to keep families in Montreal) in August 2013
- Adopting the *Inclusionary Housing Strategy*. Since 2005, this has resulted in 70+ inclusionary projects and a potential for 45,000 units including 6,500 social units and 6,500 affordable condos or rentals, plus over \$8,000,000 has transited in an *Inclusionary Fund*.

(Ville de Montréal - LaFerrière, 2018)

## Ottawa

In response to a provincial requirement for municipalities to develop a ten year housing and homelessness plan, The City of Ottawa adopted *A Home for Everyone: Our Ten Year Plan 2014-2024* in September 2013. The Plan is centred on three key priority areas:

1. Everyone has a home,
2. People get the supports they need, and
3. Sectors work together towards a common goal.

A range of initiatives were proposed to achieve these objectives, including:

- Reducing tax and regulatory barriers including reducing the higher property tax rate for new multi-residential developments,
- Reducing the costs of development through initiatives such as providing land and grants, and reducing fees and charges,
- Requesting the Province to increase the duration and number of Rent Supplement units available,
- Establishing a Housing First policy for surplus City lands and leasing lands for affordable housing projects,
- Establishing a municipal By-law designating housing as a municipal capital facility, and
- Establishing a capital development program.

To date, implementation of the strategy has resulted in the creation of the following tools, which could be considered for Calgary:

- As-of-Right Incentives:
  - The New Multi-Residential Tax Class which provides a favourable tax rate for new multi-family residential developments,
  - Relief from development charges and building permit fees for residential development in the downtown core, and
  - Waiving of development charges, planning application fees, building permit fees and parkland levies for non-profit or charitable developers building affordable housing.
- The Municipal Housing Facilities By-law - a discretionary incentive which gives the City the ability to provide specific incentives to developers in exchange for affordable rental housing



- Action Ottawa - an incentive program for developers of affordable rental units which bundles as-of-right and discretionary incentives with additional resources of capital grants, and in some cases, City-owned land. The program has provided capital grants up to \$60,000 per unit, as well as long-term lease opportunities on City-owned land at nominal rates. Successful applicants must provide affordable rental units for a period of 20 years, 60% of units must be targeted to lower income families and units must be filled from the Social Housing Registry's centralized waiting list.

Currently, The City's Affordable Housing Unit focuses on four areas of business:

1. Delivering the Investment in Affordable Housing (IAH) for Ontario Program (e.g. New Affordable Rental Housing, Ontario Renovates Program, Homeownership Down Payment Assistance, Rent Supplements and Housing Allowances)
2. Facilitating the development of affordable housing by identifying and negotiating ways to improve housing affordability for low income households, including negotiating and advocating with other levels of government, community agencies, developers and other City departments.
3. Developing and managing funding and incentive programs to support the development of affordable housing by leveraging other resources, including federal and provincial funding, private funding, land and other equity.
4. Developing community capacity by brokering partnerships in the community to transfer and share knowledge, skills and expertise, as well as to leverage additional resources to increase the supply of affordable housing.

(The City of Ottawa, 2018)

## Edmonton

Edmonton City Council approved Edmonton's *Affordable Housing Strategy, 2016-2025* in November 2015. The Strategy is grounded in the belief that "safe, adequate and affordable housing is fundamental to the physical, economic and social well-being of individuals, families and communities". A key component of the Strategy is the use of the full set of tools comprised of funding, land, regulations, and policies to meet a range of housing needs across the city. The Strategy outlines four goals, to guide the City's actions over the 10-year period:

1. Increase the supply of affordable housing in all areas of the city,
2. Maintain the supply of affordable and market rental housing,
3. Enable stable residential tenancies and transition people out of homelessness, and
4. Anticipate, recognize and coordinate action to respond to housing and homeless needs.

Within each of the four goals, the Strategy includes a set of actions for implementation, all of which could be applied in the Calgary context:

- Acquire and dedicate land for affordable housing,
- Provide capital grants and surplus city-owned land to external organizations to create affordable housing,
- Provide financial incentives for market rental unit renovations,
- Provide eviction prevention education, training and financial supports,
- Develop a new housing research program, and

- Bring housing sector partners together to coordinate action and identify shared objectives.

The City identifies the following Priority actions:

- A comprehensive review of current City policies (the “C” policies) relating to affordable and social housing,
- The development of a new housing investment plan, including a new set of housing grant programs intended to replace the Cornerstones program<sup>10</sup>,
- A review of the City’s governance model for development and management of City-owned affordable and social housing units,
- Several actions that enhance the City’s role in homelessness prevention, including the development of an early warning system to identify high-risk eviction situations, and
- A review of land acquisition and dedication policies and procedures for affordable housing development.

(The City of Edmonton, 2015)

## Mississauga

In March 2017, Mississauga City Council approved *Making Room for the Middle: A Housing Strategy for Mississauga (Draft)*. The draft strategy is focused on housing solutions for middle income households, that is, households with annual incomes between \$55,000 and \$100,000, citing that middle income households are increasingly struggling to find housing that meets their affordability needs, and that there are limited programs to assist these households as they do not typically qualify for financial assistance or subsidized housing.

The draft strategy proposes setting city-wide targets for housing development, after consultation with a broad group of stakeholders and the public. In the interim, it recommends the following targets, which align with those already set for the Region of Peel:

- 17% social housing,
- 3% affordable rental,
- 35% market rental and affordable ownership, and
- 45% market ownership.

The strategy intends to achieve these housing targets by utilizing existing and emerging municipal powers to foster a supportive development environment, for both private and non-profit builders. It is centered on four goals:

- Remove barriers for development – streamline the planning approvals process, reduce risk and establishing clear development requirements,
- Close the missing middle gap – implement strategies and programs targeted to the housing needs of middle income households,

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<sup>10</sup> Cornerstones was City Council's five year plan (2006-2010) to increase the number of long term affordable housing units and advocate for increases in income supports and support services funding for lower income Edmontonians in need of housing. (The City of Edmonton, 2018)

- Champion systems reform - work in partnership with other levels of government to achieve system reforms, including legislation, taxation, funding programs, as well as administrative processes and broader levels of education and awareness,
- Be accountable – measure progress.

Within these four goals, the draft strategy includes 40 actions. Of those 40 actions, the following have relevance for Calgary:

- Review parking standards,
- Pilot tools such as pre-zoning, inclusionary zoning and a new Development Permit System to have planning approvals in place for lands in prime locations,
- Implement a 'housing first' policy for surplus City lands,
- Review and simplify the processes and regulations for second units (secondary suites),
- Review property taxation for rental buildings,
- Preserve rental housing through a demolition control and replacement bylaw, and a condominium conversion bylaw,
- Improve the pro forma for rental development by deferring development charges and property taxes,
- Petition other levels of government for taxation policies and credits that incent second units and purpose-built rentals,
- Monitor and report on affordable housing, and
- Continue to engage the housing sector.

While the plan is still in draft, Mississauga City Council has already endorsed in-principle that the following actions be implemented: rental housing protection and demolition control; a Housing First Policy for surplus lands; and a Housing Forum to introduce and receive feedback on the Draft Strategy.

(The City of Mississauga, 2017)

## Winnipeg

Winnipeg City Council adopted the *Winnipeg Housing Policy* in September 2013. The document is aligned with *Our Winnipeg*, the city's long term municipal development plan, and *The Complete Communities Direction Strategy (Complete Communities)*, and is intended to guide policy on housing, land use and development, in order to support the implementation of *Our Winnipeg* and *Complete Communities*. The policy contains four major priorities:

1. Encourage new housing development throughout the city that accommodates a range of incomes and household types,
2. Support revitalization and maintenance of existing housing that promotes social, economic and environmental sustainability,
3. Build community capacity, and
4. Build, Leverage and Establish Partnerships.

(The City of Winnipeg, 2016)

The policy recognizes the City's role as implementing municipal planning by-laws that regulate land use and building form, as well as programs to encourage development that supports and maintains housing stock. It lays out a set of provisions to achieve the objectives of the policy, including:

- Provide financial and non-financial incentives through municipal tools such as density bonuses, up-zoning, expedited approval processes, cost offset programs, tax-increment financing, grants, or sale of assets at below market value,
- Allocate monies to the Housing Rehabilitation Investment Reserve through general tax revenues, revenue from development activities, and the net proceeds from the sale of surplus land,
- Encourage and support housing development and activity that increases the supply of affordable housing and rental housing,
- Prioritize incentives and assistance for revitalization in areas with deteriorating building stock, inappropriate mix of land uses and lack of housing, and
- Sell city-owned surplus land at below-market values for housing development in Reinvestment Areas.

Within the policy are a set of environmental and performance indicators, including housing supply, access to affordable housing, and quality of existing housing stock. The City developed an Implementation Plan for the policy for the period 2014-2019, and identifies the following key goals:

1. Facilitate development to support a healthy rental vacancy rate,
2. Provide investments from the 'Housing Reserve' fund for neighbourhood revitalization, and
3. Reduce homelessness – conduct a count of chronically homeless people, and successfully house 80% or more.

(The City of Winnipeg, 2016)

## Vancouver

Vancouver unveiled its new 10-year housing strategy, *Housing Vancouver Strategy*, in November 2017. The key objective of the strategy is to build the 'right supply' of housing - housing that meets the affordability needs of Vancouver's families, key workers, young residents, seniors and vulnerable residents. The city intends to meet this objective by adding 72,000 new homes to the supply over the ten-year period, focusing on rental housing targeted to low and moderate income households, as well as more diverse ownership housing, such as townhomes, row-homes, and infill housing. Included in the 72,000 new additions are 48,000 rental units, of which 12,000 will be social and supportive housing.

The strategy lays out 120 actions to be achieved over the next three years, in four priority areas:

1. Address speculation. The City plans on achieving this through a number of actions, including the creation of rental-only zones, implementing an 'Empty Homes Tax', imposing a higher property tax rate of foreign-purchased properties, implementing short-term rental regulations, and by working with the federal government to restrict foreign ownership.
2. Support renters and vulnerable residents. This priority area includes preserving and expanding rental housing stock, including non-market rental (affordable housing) stock and collective housing stock. Included in this priority area also is increasing supports and protections for renters, such as security of tenure. Mentioned under this priority area are the launch of two programs – the Moderate Income Rental Housing Pilot Program and the Social Purpose Real Estate Incentive Program. One of the initiatives already underway is building affordable housing on City land through VAHA (Vancouver Affordable Housing Agency).

3. Transform single family neighbourhoods to increase the supply, affordability and variety of housing options – where one single-family dwelling sits, four additional homes could exist in the future. Some of the actions to achieve this priority item include plans to implement zoning changes starting in 2018, launching a laneway infill design competition, and investigating regulatory changes and incentives to create diversity in new development.
4. Cut through the red tape. This includes plans to simplify and streamline the development approvals process, as well as aligning City policies, processes and tools to prioritize affordable housing. This could include expediting approvals for rental housing.

One of the more controversial objectives of the strategy involves densifying single-family neighbourhoods. To help implement this objective, The City plans on launching a tactical response team to introduce new housing options in low density neighbourhoods.

Along with the Strategy and 3-year implementation plan, The City has committed to releasing regular report on its progress toward the Strategy's targets, using housing indicators and other measurable outcomes.

(The City of Vancouver, 2017) (The City of Vancouver, 2017)

## CONCLUSION

This report provides a comparison of housing supply and affordability in Canada's eight largest municipalities. A key finding from the research is that Calgary's housing supply and affordability are significantly different from that in the other big cities. One of the objectives of this research has been to uncover why housing affordability varies across cities. An examination of housing and income data in the eight big cities found some correlations that may explain some of these differences:

- There is a strong positive correlation between the size of a city and the incidence of overspending. As the size of cities increased, the incidence of overspending went up.
- There is a strong negative correlation between vacancy rates and the incidence of overspending. As the vacancy rates in 2-bedroom apartments went down, the incidence of overspending went up.
- There is a strong positive correlation between average resale prices and the incidence of overspending. The cities with the highest average prices in the resale market also have the highest incidence of overspending.
- There is a strong positive correlation between the proportion of housing supply that is high-rise apartments and the incidence of overspending. However, there is only a weak correlation between the size of cities and the proportion of housing supply that is high-rise apartments. This suggests that the relationship between high-rise apartments and overspending cannot be solely explained by the fact that larger cities typically have more high-rise apartments.
- There is a moderate negative correlation between household incomes and the incidence of overspending. As household incomes go up, the incidence of overspending goes down.
- There are moderate positive correlations between the incidence of overspending and average rents, however, there is very little correlation between city sizes and average rent rates. In other words, bigger cities do not necessarily have more expensive rents; there is more at play.

This data shows that the factors affecting housing affordability across the big cities are complex. Though all cities face housing challenges to some degree in several areas, each city seems to have specific issues they are more concerned about (e.g. non-resident ownership in Vancouver, investor speculation in Toronto, and age of housing stock in Montréal). This research has shown that for Calgary, the housing market's response to high demand by a high-income population during 'boom' cycles has contributed to a homogenous and expensive housing supply (it should be noted that Edmonton has had similar conditions affecting its housing). The market has done a good job of meeting the housing needs of the average household in Calgary. However, in meeting this demand, the housing needs of the rest of the population have been less well served. This has resulted in a severe shortage of housing options for these households.

## Next Steps

More than any other city, Toronto and Vancouver have been aggressively adding to their housing stock through condominium development, primarily in the form of high-rise apartment buildings. As noted earlier in this report, there is a strong positive correlation between the incidence of overspending and the number of high-rise apartment buildings in a city. There is also a strong positive correlation between the incidence of overspending and population density. The relationship between these factors hasn't been explored fully, however, these correlations may suggest that cities cannot build their way out of an affordability problem simply by adding ownership stock. The recent research by Dr. Dan Rose (Rose, 2017) confirms this, showing that housing supply is not systematically more limited in expensive markets than inexpensive ones, and that even in the most expensive markets, the amount of surplus housing has grown over the past fifteen years.

This research recommends that housing stock will need to be strategically added in Calgary as the city grows. The market has not had incentive to provide housing for lower-income households in Calgary, and there is an opportunity for government to implement strategies to support and encourage the development and preservation of this type of housing. If Calgary is to be successful at attracting economic investment, there needs to be housing choice for the types of households in a variety of industries, including those that will be paying employees Alberta's minimum wage. The gap in housing choice can be closed by:

- incentivizing rental development by private industry,
- supporting regeneration efforts in private market rental units,
- supporting the affordable housing sector to build new units and regenerate old units, and
- supporting the co-operative housing sector to build new units and regenerate old units.



## GLOSSARY

### The Housing Spectrum:

**Emergency Shelters:** Emergency shelters are designed to provide short-term accommodation to individuals and families that are not housed otherwise. The accommodation is free. Emergency spaces typically take the form of beds for singles, or units for families.

**Non-Market Rental Housing:** Non-market housing is typically described as subsidized, social, or affordable housing units. Non-market housing varies in its operations, but commonly has rents below market value, may provide social services or supports, and is typically targeted to individuals and families with low-incomes. It is often operated by non-profit organizations. It may or may not receive operating subsidies from government, however; at some point, such as during construction, it received government funding.

**Rent Supplements:** In addition to bricks-and-mortar housing, there are also a number of rent supplement programs in Calgary that support financially the cost of housing for low-income households. “Rent supplements are monthly stipends given to low-income households to subsidize shelter costs. They provide a simple, flexible way for governments to assist low-income households in reducing their shelter-to-income-ratio to affordable levels” (The Conference Board of Canada, 2010). Rent supplements are often classified into two categories, based on whether they are paid directly to the tenant, or to the landlord.

**Co-operative Housing:** Co-operative housing is housing with joint membership. It is different than a condominium in that the co-operative, a legal association, is on title, and membership in the co-operative is determined by a board. Once approved, new members purchase a share in the co-operative. Many co-operatives contain some units that receive internal or federal subsidies.

**Affordable Homeownership Programs:** These programs provide financial support and information to individuals and families wanting to attain homeownership. Affordability mechanisms include: entry-level homes prices, forgivable equity loans and shared appreciation.

**Market Rental Housing:** Market rental housing includes all housing units that are rented in the market, including seniors’ housing. Individuals and families in this type of housing have an agreement with a landlord to rent the premises.

**Market Homeownership:** Market homeownership housing includes all housing units that are sold at market prices and are owned and occupied by individuals and families.

**CHAC:** Community Housing Affordability Collective. ([www.chacollective.com](http://www.chacollective.com))

**CHC:** Calgary Housing Company.

**CMHC:** Canada Mortgage and Housing Corporation.



**City of Calgary's affordable housing need definition:** To measure housing need in Calgary, The City includes all household that are overspending on shelter (spending 30% or more of household income on shelter), combined with a household income threshold of 65% area median income (AMI). The 65% AMI threshold is believed to exclude discretionary overspending. According to the 2016 Census of Canada, 65% AMI in 2015 in the Calgary CMA was \$64,729, which means that there are over 84,000 households overspending on shelter and earning less than \$60,000 per year.

**Housing Affordability:** Housing affordability is a general measure of how affordable housing is. For housing to be affordable, the [Canada Mortgage and Housing Corporation](#) says a household should not spend more than 30 percent of gross income on rental shelter costs, and no more than 32 percent of gross household income on homeownership. It is also often used in relation to the cost of housing provided by the market, e.g. entry-level home prices.

**Low-Income:** For the purposes of research in the Affordable Housing Division at The City of Calgary, the term low-income is generally used to refer to households earning 65% or less of the area median household income, as determined by the Federal Census. For the years 2011-2021, this applies to households earning \$60,000 or less.

**Multi-Unit Residential Building (MURB) Program:** “The Multi-Unit Residential Building Program (was) introduced (in Canada) in 1974 in response to a dramatic decline in rental housing production, effectively re-introducing the tax shelter for small firms and individuals that had been eliminated as part of the tax reforms of 1972. MURB (was) discontinued in 1978 due to economic recovery, reinstated in 1980, and eliminated once again in 1981 (The City of Calgary, 2011).

**Non-profit Organization:** “A non-profit organization (NPO) (also known as a non-business entity) is an organization with the purpose of which is something other than making a profit. A non-profit organization is often dedicated to furthering a particular social cause or advocating for a particular point of view” (Nonprofit organization, 2017).

**Operating Agreements:** “(Operating agreements were) established by the federal government from the 1950's to early 1990's to pay the debt on social housing mortgages and assist with operating deficits, covering the difference between rents paid by low-income households and operating expenses. These agreements were struck for periods between 25 and 50 years” (O'Brien, 2012).

**Primary Rental Market:** The primary rental market, also known as the purpose-built rental market, “includes rental units in privately-initiated apartment structures containing at least three rental units” (Canada Mortgage and Housing Corporation, 2015). It includes both purpose-built apartment buildings and town houses. The primary rental market is surveyed by CMHC annually as part of their Rental Market Survey.

**Purpose-Built Rental:** see Primary Rental Market

**Secondary Rental Market:** “The secondary rental market covers rental dwellings that were not originally purpose-built for the rental market” (Canada Mortgage and Housing Corporation, 2015). The secondary rental market includes: rental condominiums, single-detached homes, semi-detached homes, row homes and duplexes, as well as others – primarily accessory (secondary) suites. The secondary rental market is surveyed by CMHC annually as part of their Secondary Rental Market Survey.

**Subsidized Housing:** “Subsidized housing includes rent geared to income, social housing, public housing, government-assisted housing, non-profit housing, rent supplements and housing allowances” (Statistics Canada, 2018).

## LIST OF FIGURES

|  |    |
|--|----|
| Figure 1: The Housing System .....   | 14 |
| Figure 2: Population, CSDs, 2016 (Statistics Canada, 2017) .....   | 16 |
| Figure 3: Population, CMAs, 2016 (Statistics Canada, 2017) .....   | 16 |
| Figure 4: Calgary Population 1986-2017 (The City of Calgary, Civic Census).....  | 17 |
| Figure 5: Population, % Change 2001-2017, CMAs (Statistics Canada, 2018).....  | 17 |
| Figure 6: Population Growth 2011-2016, CSDs (Statistics Canada, 2017) .....  | 17 |
| Figure 7: Population Density, CSDs, 2016 (Statistics Canada, 2017).....  | 18 |
| Figure 8: 2001-2016 Net Dwellings Added Per Net Household Added (Rose, 2017).....  | 19 |
| Figure 9: Dwelling Starts as a % of Total Dwellings, CMAs (Canada Mortgage and Housing Corporation, 2015) .....                        | 19 |
| Figure 10: Wildwood affordable housing development ground breaking .....   | 19 |
| Figure 11: Per Cent Owner Households, CSDs, 2016 (Statistics Canada, 2017) .....   | 20 |
| Figure 12: Per Cent Owner Households, CMAs, 2016 (Statistics Canada, 2017).....  | 20 |
| Figure 13: Per Cent Change in Rates of Homeownership, CMAs, 2006-2016 (Statistics Canada, 2017) .....                                  | 20 |
| Figure 14: # of Renter & Owner Households, Calgary CMA (Statistics Canada, 2017) .....   | 21 |
| Figure 15: Per Cent Renter Households, CSDs, 2016 (Statistics Canada, 2017) .....  | 21 |
| Figure 16: Whitehaven Manor acquisition.....   | 22 |
| Figure 17: Per Cent Renter Households, CMAs, 2016 (Statistics Canada, 2017).....   | 22 |
| Figure 18: Per Cent Purpose-Built Rental Stock, CMAs, 2016 (Canada Mortgage and Housing Corporation, 2016).....                        | 22 |
| Figure 19: Vacancy Rates, Average 2-bedroom Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016) .....                      | 23 |
| Figure 20: Average Age of Units in Lowest Rent Quintile, 1-Bdrm (Canada Mortgage and Housing Corporation, 2015) .....                  | 23 |
| Figure 21: Average Age of Units in Lowest Rent Quintile, 3-Bdrm (Canada Mortgage and Housing Corporation, 2015) .....                  | 23 |
| Figure 22: Per Cent Households in Subsidized Housing, CSDs, 2016 (Statistics Canada, 2017) .....                                       | 25 |
| Figure 23 Per Cent Households in Subsidized Housing, CMAs, 2016 (Statistics Canada, 2017).....   | 25 |
| Figure 24: Alberta 75 Housing Co-operative .....   | 26 |
| Figure 25: Per Cent Co-operative Housing, CSDs, 2017 (Co-operative Housing Federation of Canada, 2017) .....                           | 26 |
| Figure 26: Per Cent Single-Family Housing, CSDs, 2016 (Statistics Canada, 2017).....   | 27 |
| Figure 27: Per Cent Missing Middle, CSDs, 2016 (Statistics Canada, 2017).....  | 27 |
| Figure 28: Per Cent High-Rise Apartments, CSDs, 2016 (Statistics Canada, 2017) .....   | 28 |
| Figure 29: Lumino affordable housing development .....   | 28 |
| Figure 30: Per cent Households in Core Housing Need, 2015/2016 (Statistics Canada, Canada Mortgage and Housing Corporation, 2017)..... | 29 |
| Figure 31: Per cent Households Overspending, 2015/2016 (Statistics Canada, 2017) .....   | 29 |
| Figure 32: Per cent Change in Core Housing Need, 2006-2016 (Statistics Canada, Canada Mortgage and Housing Corporation, 2017) .....    | 30 |
| Figure 33: Vista Grande affordable housing development .....   | 30 |

|   |    |
|---|----|
| <i>Figure 34: Average Resale Prices, CMAs, 2016 (Canada Mortgage and Housing Corporation, 2017)</i> .....   | 31 |
| <i>Figure 35: Average Rent for a Bachelor Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016)</i> .....   | 31 |
| <i>Figure 36: Average Rent for a 2-bedroom Apartment, 2016 (Canada Mortgage and Housing Corporation, 2016)</i> .....  | 31 |
| <i>Figure 37: Crescent Heights affordable housing development</i> .....   | 32 |
| <i>Figure 38: Median Household Incomes, 2015 (Statistics Canada, 2017)</i> .....  | 33 |
| <i>Figure 39: Median Household Income Split, Calgary CMA, 2015 (Statistics Canada, 2017)</i> .....  | 33 |
| <i>Figure 40: Income Distribution, CMAs, 2015/2016 (Statistics Canada, 2017)</i> .....  | 34 |
| <i>Figure 41: Gini Coefficients (total income), CMAs, 2014 (Fong, 2017)</i> .....   | 34 |
| <i>Figure 42: Households Overspending by Income, Calgary (CMA) (Statistics Canada, 2017)</i> .....  | 35 |
| <i>Figure 43: Rent as a Proportion of Social Assistance Income (The School of Public Policy, 2016)</i> .....  | 35 |
| <i>Figure 44: Rents in Lowest-Quintile, Bachelor/Studio, CMAs (Canada Mortgage and Housing Corporation, 2015)</i> .....   | 36 |
| <i>Figure 45: Rents in Lowest-Quintile, One-Bedroom, CMAs (Canada Mortgage and Housing Corporation, 2015)</i> .....   | 36 |
| <i>Figure 46: Bridgeland affordable housing development</i> .....   | 36 |
| <i>Figure 47: Rents in Lowest-Quintile, Two-Bedroom, CMAs (Canada Mortgage and Housing Corporation, 2015)</i> .....   | 36 |
| <i>Figure 48: Population, 2016 vs. % Households Overspending, CMAs (Statistics Canada, 2017)</i> .....  | 37 |
| <i>Figure 49: 2-Bedroom Vacancy Rate vs. % Households Overspending, CSDs, 2015/2016 (Canada Mortgage and Housing Corporation, 2016) (Statistics Canada, 2017)</i> ..... | 37 |

## **LIST OF TABLES**

|  |   |
|--|---|
| <i>Table 1: Housing in Canada’s Big Cities, 2016</i> ..... | 6 |
|--|---|

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