

# Why Housing Choice is Important to the Housing Continuum

## Context

To address Council's direction, Administration focused on conducting analysis into what housing forms are needed in Calgary, why they're important for Calgary as it grows over the next twenty years, and how it relates to other work being done at The City.

## What is Missing Middle Housing?

Missing Middle Housing is a term coined by Daniel Parolek to capture different housing forms that are often lacking within many North American communities. These forms are seen as ways to respond to the housing crisis being felt in many North American cities. Due to changing household demographics, environmental and economic factors, and market interests, there is a large mismatch in many cities between the housing stock that is desired, and the housing stock being provided. Household and cultural demographics have changed substantially since the post-World War II development boom, where single-detached dwellings accommodated a large majority of the population.

## Why Housing Choice is Needed in Calgary

Enabling housing choice in Calgary means there are more opportunities for all Calgarians to find a place that meets their needs that they can call home. The dominant housing form in Calgary is single-detached homes, and it is expected that this will continue well into the future. However, as Calgary evolves, grows, and diversifies, the housing stock must ensure that it meets the needs of a diverse population.

## Calgary's changing demographics

Calgary has been in a constant state of change, and the following statistics demonstrate that more variety is needed in the housing stock to meet the needs of an increasingly diverse make-up of households.

- › 66 per cent of homes in Calgary are owner occupied single-detached homes, but 75 per cent of Calgary households have insufficient income to buy a single-detached house<sup>1</sup>. This indicates that many Calgarians may be spending more than 30 per cent of their pre-tax income on shelter. A limited supply of alternative built forms may be forcing them to live in places that don't meet their needs.
- › 86 per cent of Calgary's established area communities have lost population since their peak<sup>2</sup>. While various factors influence individual housing and community choices, the degree of this decline indicates that some Calgarians are not able to find housing options to suit their needs in their community and are being forced to leave.
- › The number of single and two-person households are the highest they have ever been in Canada, households composed of roommates are the fastest growing household category across the country, and the number of multi-generational homes or multiple family dwellings continues to

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<sup>1</sup> The City of Calgary's report *Housing in Calgary: An Inventory of Housing Supply, 2015-2016*

<sup>2</sup> The City of Calgary, *Civic Census 2019*

grow<sup>3</sup>. This demonstrates that household make-up is changing and may indicate that housing type preferences are also changing/expanding.

The proposed Land Use Bylaw amendments will provide the regulatory tools necessary to enable increasing housing choice in Calgary's inner city and established communities.

## The Role Housing Choice Plays in Housing Affordability

Housing affordability is impacted by many inter-related factors, many of them outside the jurisdiction or influence of municipal government such as global supply chains, availability of labour, economy, financing tools, and policy, as examples. There is no single solution for addressing housing affordability; it requires a range of actions on a variety of fronts. Below is a summary of the contributions that Administration's work on amendments to the Land Use Bylaw proposed in this report can make to this effort.

- › Reducing municipal regulatory barriers can decrease the length of time for development approvals and building costs by providing clear expectations for development outcomes that are informed by economic feasibility. In the case of amendments to existing districts in this report, the development of new homes on parcels already designated with these districts can proceed directly to the Development Permit step, saving significant time and money, and lowering the cost of development.
- › Increasing housing choice will not have a direct impact on the price of individual housing units given many factors that impact housing prices. However, diversifying Calgary's housing stock today ensures that there are a range of housing options at a range of prices for Calgarians for years to come. Today's market rental and ownership homes will be more affordable units in the future, just as more affordable market rental and ownership homes available today were built 30 or more years ago.
- › The recent Direct Control District applications and the development of rowhouses within the Residential – Grade-Oriented Infill (R-CG) District since it was introduced in 2015, demonstrate a demand for more variety in grade-oriented housing forms in Calgary. Through public engagement on other projects, Administration has heard that many Calgarians want a home in an established community that has a direct connection to the street (i.e., not an apartment building), but that there are minimal options available today. Making it easier to build these types of homes can increase the amount of supply in this segment of the housing market across Calgary's established areas. Increasing the supply for this form of housing will help meet the demand Calgary is experiencing.
- › New homes built within the rules of the proposed Housing – Ground-Oriented (H-GO) District would be cheaper compared to a new single detached home built on the same parcel and provide opportunity for numerous households to live within a single development with the added benefit of living in a location close to shops, amenities, and transit.
- › While the amendments to the Land Use Bylaw proposed in this report most directly impact market housing, the benefits of removing regulatory barriers mentioned above are also realized for affordable housing developments led by both the City of Calgary and not-for-profit housing providers.

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<sup>3</sup> Statistics Canada 2021 Census <https://www150.statcan.gc.ca/n1/daily-quotidien/220713/dq220713a-eng.htm>

## The Role of This Work Supporting Other City Initiatives

The City is currently engaged in a lot of work surrounding the topic of housing. From aging-in-place to the creation of more affordable housing units, Administration knows that housing is not just a planning consideration, and as such, needs a comprehensive approach.

### Accessible and Age-friendly Housing

A lot of work is being done across the corporation to look at how to make our housing stock more physically accessible. Whether it be for seniors or persons with disabilities, accessibility is something that many Calgarians need in a housing form they can afford, in a location where they feel at home. The proposed Housing – Ground-Oriented (H-GO) District enables, but does not incentivize nor require, including single-story ground-oriented units within developments. However, enabling these types of units is an important first step in ensuring that these forms of housing can also serve Calgarians seeking or needing more accessible housing options. Additionally, the location criteria of the proposed Housing – Ground-Oriented (H-GO) District emphasizes proximity to amenities and transit, something that is important for Calgarians with accessibility needs.

### Affordable Housing Units and the Housing Continuum

The proposed amendments to the Land Use Bylaw in this report most directly impact the Market Rental Housing and Market Home Ownership components as shown on the housing continuum image below.



A healthy supply of housing across the housing continuum ensures that Calgarians can rely on housing that fits their budget and life circumstances.

Currently, there is no distinction between Affordable Housing (see definition below) and market housing from a land use perspective since land use addresses form and development standards rather than end users. This means that applications proposing Affordable Housing units go through the same process as applications for market housing. This can add significant cost to applications and can often limit or prevent much-needed units from being built due to stigma and misunderstandings around who will live, rent, or own these units.

Working with other business units to discover the needs across the housing continuum was an important factor in the creation of the new Housing – Grade-Oriented district. One of the main concerns we heard from other business units was the need to have a permitted approach to building dwelling units. A permitted approach means that the use is allowed as-of-right if it meets all the rules of the district. By ensuring the rules of the district are met, Administration is still able to ensure the application is meeting the appropriate form intended for a parcel, however, as a permitted use, there is less likelihood for an appeal of the application by those with unwarranted objections. This streamlines the application process ensuring what is intended to be built on a parcel can be done, while still ensuring the development meets the rules of the district.

Appeals to the Subdivision and Development Appeal Board are rising for applications that increase intensity as there is a worry that new housing forms will impact the value of neighbouring properties or

that it will change the “character” of a community. Communities are places that change over time, and that change, when intentional, can support Calgary’s ability to be more equitable and diverse. Change is key to ensure that communities can be resilient and meet the evolving needs of the people who live there.

## Common Housing Terms

<b>Housing affordability</b>	Housing affordability is when housing supply balances and meets housing demand so that households have access to a range of housing options where they would be able to spend no more than 30% of their income on shelter expenses.
<b>Missing middle housing</b>	Missing middle housing encompasses a range of small to moderate scale developments that provide homes in buildings typically between 2 - 4 storeys with two or more units. These built forms integrate well within a neighbourhood and offer additional opportunities to single-detached homes, allowing more people of different demographics and needs, at different ranges of affordability and stages of life, to move into, or remain living in, a neighbourhood.
<b>Affordable housing</b>	The City of Calgary defines affordable housing as housing for people who, because of financial or other circumstances, need assistance to cover their housing costs. It may take several forms on the housing spectrum, from non-market rental units to attainable homeownership. To exclude discretionary overspending, The City targets affordable housing to households earning 65% or less of the Calgary area median income.
<b>Affordable housing need</b>	A household needs affordable housing when it earns less than 65% of the Calgary area median income and spends more than 30% of its pre-tax income on adequate shelter.
<b>Non-market housing</b>	Rental or for-sale housing provided for income groups not served by the private market. It is typically made affordable through public and/or non-profit ownership of housing units, or through rent supplements that allow low-income households to access housing in the private market.
<b>Social housing</b>	Social housing refers to a set of programs designed by the federal and provincial governments in which non-market units are provided for low-income households. In regulated social housing units, rent is geared to 30% of the tenant’s household income with a minimum required payment of \$120 per month. As currently structured, this model is supported by ongoing deep subsidies from the federal and provincial governments.
<b>Supportive care housing</b>	Housing that provides case management and supports to individuals and families with special needs to achieve housing stability and independence. While there is no maximum length of stay in supportive housing, these programs may aim to eventually transition clients out of the program to less intensive community-based services, or may constitute long-term permanent housing, depending on the program goals and population served.