

Panel 115-Charlotte Kingsford

- I strongly oppose item 7.2.1 of this agenda as I feel there is a lack of transparency about the goal and I'm not convinced the broad application of up-zoning in the City of Calgary will address the root causes of housing affordability and I'm concerned there may be significant unintended consequences causing more homelessness and it may exacerbate social and economic changes for lower income families in Calgary.
- I'm an energy market researcher, with a Master's degree in Business and Economics. (I'm not a housing market expert!)

Why do I feel worse off? Housing affordability

Snapshot of Current Economic Indicators

(Comparing 2023 to 2022 Year-over-Year)

<u>Economic Indicator</u>	<u>Year-over-Year Change</u>
Average salaries	Decreased by 2.40%
Lending rate (debt to equity ratio is 48.5%) in Calgary	Increased by 1.65%
Inflation rate	Decreased 1.89% (from historic highs!)

- **This is a net reduction in buying power of > 2% to average weekly salaries (in aggregate) year-over-year.** *(I'm unsure what this looks like for Calgarians over time and worthwhile studying)*

Why do I feel worse off? change in housing costs:

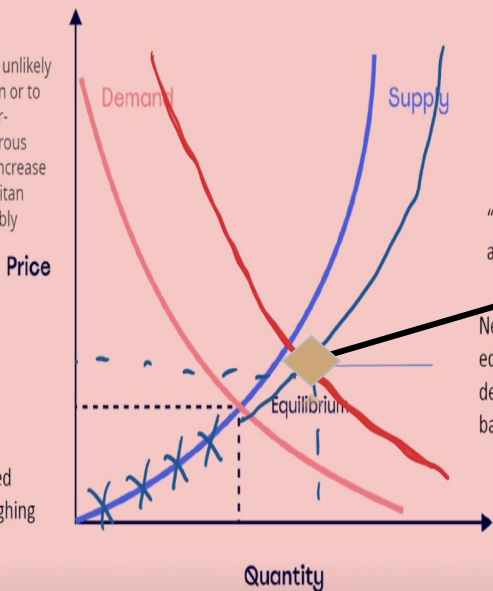
<u>Economic Indicator</u>	<u>Year-over-Year Change</u>
Avg. Residential MLS Price	Increased by 4.4%
Rental Price	Increased by 14.3%

- The city planning department has correctly shown us that **salaries are not keeping pace with housing prices which have increased 2.5 times faster over time.**
- There is approx. **-1.3% housing imbalance** (meaning greater demand to supply)
- There is a approx. **-15% rental market imbalance** (meaning greater demand to supply) and likely the most price responsive to supply imbalance.

Unintended Consequences: Builders build when $\$ > ATC$ (price discrimination in monopolistic competition)

Reality – Calgary (inclusive of Canada and World)

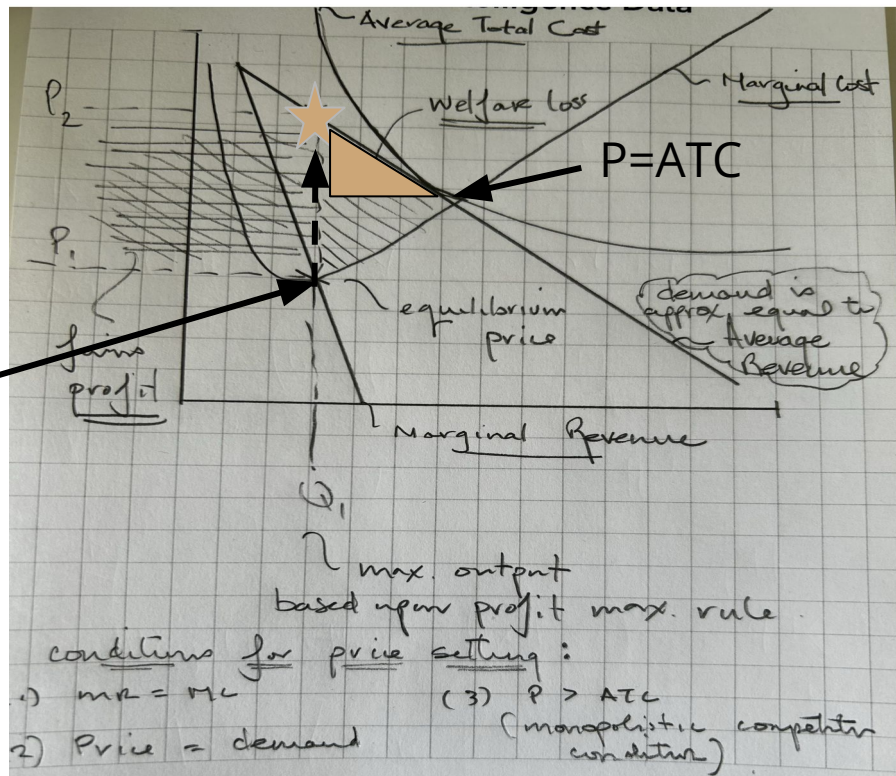
Blanket changes in zoning are unlikely to increase domestic migration or to improve affordability for lower-income households in prosperous areas. They would, however, increase gentrification within metropolitan areas and would not appreciably decrease income inequality.



"Crisis" implies a need for fast action

New higher, increasing equilibrium until supply and demand forces brought to balance within all of Canada

Increased supply, increased demand, demand outweighing supply increased prices



Welfare Loss

- Due to profit max. rule of price setting and downward decreasing demand curve-this lowers housing output, and results in higher prices.
- Due higher than normal average total Construction Cost -(labour constraints, higher cost to materials)
- Lower income families will be priced-out of the market-place (probably will homelessness)
- Probably will increase housing insecurity-(social housing and supports needed)

My Ask to you-Please: If not already taken into account, an assessment of the welfare loss and what supports or social housing is needed to reduce the impact.

Snapshot: Housing needed to be built Today

Housing needs:	
2023 annual population growth	2.96%
Population 2023	1,389.0
Increase to Population Year-end	93,851.4
Needs based upon average household (2.6)	36,096.7
2025 est. shortfall	23,105.7

Snapshot: 2024 Calgary Housing under Construction

Assuming equal distribution in Demand between homeowner and rentals	Demand Shortfall	Under Construction (assumed to be available by 2025*)	Excess Housing stock
<u>Homeowner total:</u>	11,552.8		
single detached houses	5,776.4	6,617	841
condo(variety of choice)	5,776.4	7,645	1,869
rentals	11,552.8	9,211	-2,342
Total	23,105.7	23,473.0	367

Appendix A: Snapshot- Rental Market Today

Rental market	Supply
Available units	55,853
Rental vacancy rate	1.20%
Min. Rental units needed	56,524
"Could" be made available by end of year:	
Short-term rentals	3,780
Under-construction already	9,211
Total units available	12,991
Change in Supply	23.26%

Appendix B: Length of Construction time

Building type	Avg. Construction length of time
single	7.4 months
row	9.3 months
semi-detached	9.25 months
Apartments (*not sure what building size-CMHC data)	28 months

- Urgent Improvements to market construction methods for rental apartments is needed.
- Consideration: modularized building techniques,-off-site pre-fabrication, and crane-in-place. Lower build cost too.



Appendix C: Snapshot- Housing Market balance

Sales to New listing	2022	2023	Change
Sales(demand)	76.3	80.6	
demand change	1.04	1.06	1.83%
Avg. housing price	511.5	536.8	
Avg. housing price change (Proxy measure of change in supply)	1.04	1.05	0.56%
Housing Imbalance			-1.27%
Pop. growth	1349	1389	
Pop. Growth change	1.02	1.03	0.92%
rental price increases (proxy for demand)	5.60%	22%	16%
rental vacancy rate (supply)	2.60%	1.40%	1.20%
			15%

Thank you for listening to your constituents and for the opportunity to speak today- I appreciate the hard-work you are all doing.

I'd like to think Calgary will address this housing crisis the way Calgarians always have. Not because that's the way other cities in world have done this but rather, rolling up our sleeves and tackling this problem head-on.

A Made in Calgary solution!

Builders are not trained in city planning. We need a gatekeeper. I'm advocating for building affordable rental housing with urgency on available land and with the lowest density possible in established neighbourhoods such as infrastructure planning and other considerations can keep pace with densification and ensuring variety of housing choice is respectful of the neighbouring properties through zoning and permitted use bylaws.

Auckland's Building Boom

As at March 2024, the median house price in Auckland is \$1,050,000. This is up from \$649,000 10 years earlier.

