



Coasean Bargaining Solutions

Denys Robinson

Why is it too Large?

01

What is Coasean Bargaining?

02

How We Protected Our Privacy and Preserved a Beautiful Elm Tree

03

How You Can Expand Our Success

04

What This Tells Us About The Path Forward

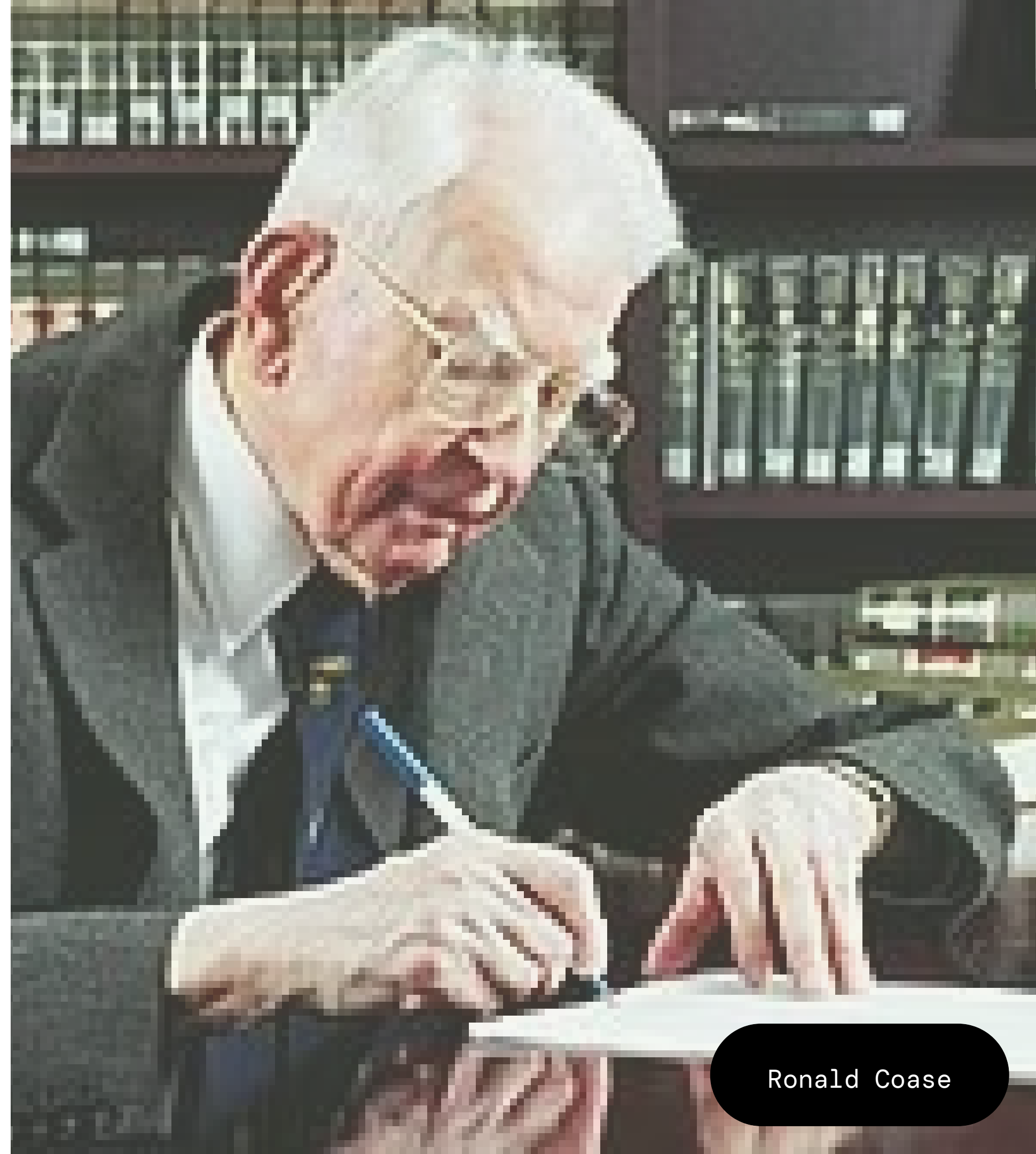
Ronald Coase

Nobel Laureate

Ronald Coase: A Nobel Prize-winning economist who transformed how we understand "externalities".

Coasean Bargaining: A theory suggesting that if property rights are clearly defined and transaction costs are low, private parties can negotiate a mutually beneficial solution.

The Power of the "Bargain": In a Coasean world it is easiest to reach an efficient solution when two parties can talk directly.



Ronald Coase

Immediate Neighbours Need A Different Process

Homeowner Concerns: Shadowing, Privacy, Tree Loss

Community Issues: Parking, Overall Density, Architectural Aesthetics

Lowering Transaction Costs: Coasean bargaining only works when it is cheap and easy to talk

Current System → Barriers to Direct Negotiation

Coasean System → Enables Direct Bargaining and Win-Win Deals



How We Protected Our Privacy and Preserved a Beautiful Elm Tree

Early Engagement

Clear Bargain

Civil Behaviour

Outcome Focused

No External Interference



Neighbours of new developments lose
out in our process which prioritizes
wider neighbourhood questions at the
cost of individual homeowners

Where We All Agree

01

CALGARY IS GROWING
AND HOUSING IS
UNAFFORDABLE

02

THE "PAPER HOUSE"
ADDS TO CONSUMER
COSTS

03

NEW DEVELOPMENT CAN
IMPACT IMMEDIATE
NEIGHBOURS

04

MY SOLUTION:

Retain R-CG Zoning

Separate process
for immediate
neighbours

Adapt to the
reality of pop.
growth

What Did We Learn

01

Coasean Bargaining is a Tool for Mutually Beneficial Conflict Resolution Through Private Agreement

02

It Worked For Me and My Wife

03

We Should Address Concerns With Densification By Prioritizing The Needs of Immediate Neighbours

04

Better Conflict Resolution Can Achieve Optimal Outcomes and Enable Needed Home Building

Ask Me Questions!

You watched most of the hearing – what did you learn?

Can you explain Coasean bargaining again?

What do you say to someone who wants certainty in their neighbourhood?

Some Calgarians don't like blanket rezoning – why would I support it?

Private property rights are important. Don't we need to respect them?

How are 700k row-homes affordable?

I understand you knocked on 10,000 doors last election. Who does support rezoning?

Did you know that Seton, Livingstone, and Skyview are denser than some areas by the C-Train?

A Few Observations From The Hearing and Other Evidence

- 01 There is broad support majority support for permitted duplexes as a base zone among Calgary Voters
- 02 Objections to Open Zoning Misunderstand the Economic Evidence on Filtering and Vacancy Chains
- 03 Private Property Rights Means LESS Government Regulation – many are mistaken on this point
- 04 The Consensus Among Conservative Policy Makers, Economists, and Business is to Reduce Restrictive Zoning

The Coase Theorem: Resolving Conflict Through Negotiation

Private Solutions to Side-Effects

Externalities as Trade-offs: Issues like shadows or noise don't always require a government "no"; they can be resolved through private trade.

Maximizing Social Value: Efficiency is reached when the party who values the outcome most "buys" the right from the other.

Beyond Regulation: If people are free to talk, they can often find a "win-win" that a rigid zoning code might miss.

Rules of the Game

Clear Property Rights: It must be legally certain who "owns" the right. Fortunately in Alberta, there is case law to set these rules for us.

Low Transaction Costs: Negotiation must be cheap and fast. If legal fees are higher than the solution, the bargain fails.

Binding Agreements: The deal must be enforceable. The City will have a role to play in ensuring that developer commitments are honoured.

Trading "Nuisance" for Value

The Developer Pays: Offers "micro-concessions" (e.g., mature trees, frosted glass, or alley paving) to offset the neighbor's perceived loss.

The Neighbor Pays: Provides "non-opposition" at city hall in exchange for specific design changes.

The Result: A duplex or garden suite that respects privacy and character while still adding new housing to the block.

Moving from Dispute to Deal

Early Engagement: Initiate dialogue before the design is finalized. Neighbours are more likely to engage if they can influence the outcome.

Standardized Menus: Maintain a record of often effective compromises to help people new to the process reach agreement quickly.

Formalized "Side-Letters": Document the agreement in a simple, signed contract that outlines the specific promises made by the developer in exchange for support.

Zoning Is Not the Key Issue for Calgarians

Zoning was the question for some highly engaged volunteers

This aligns with what we know from economic research.

A minority of residents usually care a lot about density. Around 8 or 10%. The remaining 90% have opinions about zoning and density, but they hold them with a tiny fraction of the intensity.

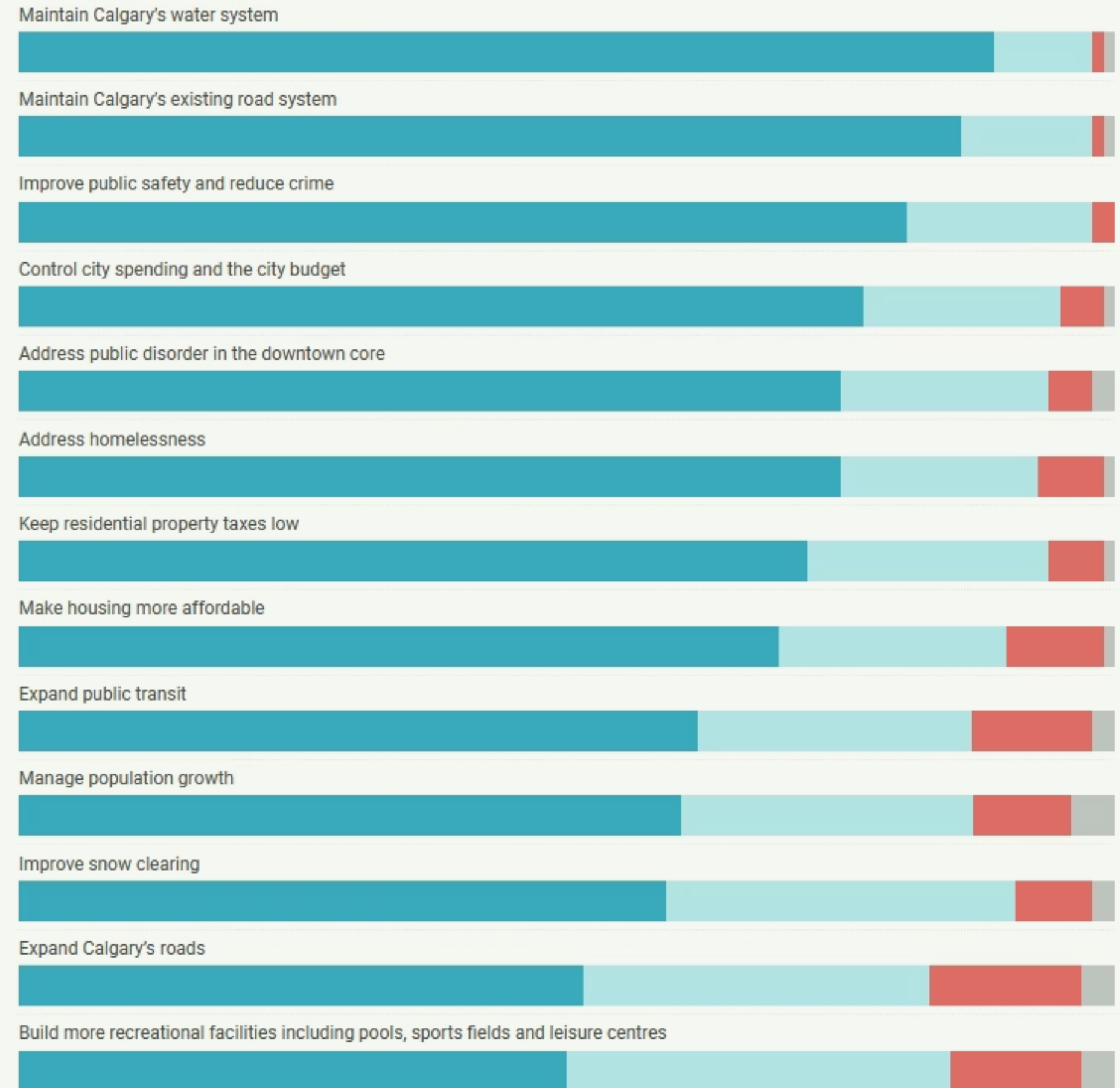
This evidence comes from a study of revealed preferences by tracking house purchase prices and linking them to specific households.

We should conclude from this that the majority of our population is amenable to compromise on how to create more density. And that aligns with what they say in public hearings!

Most Important Goals for the City of Calgary

Thinking specifically of the City of Calgary, and using a scale from zero to ten where zero means "not at all important" and ten means "extremely important", how important is it to you that the City of Calgary pursue the following goals over the next four years?

High (7-10) Mid (4-6) Low (0-3) Don't know



Filtering and Vacancy Chains

The theoretical and empirical evidence that increased housing supply reduces prices is clear and overwhelming

Relative Depreciation

As buildings age, they often become less attractive than new developments due to outdated layouts, older appliances, or general wear. This causes their market value to decline relative to the rest of the housing stock, allowing them to "filter down" to lower-priced tiers.

The Vacancy Chain

The creation of any new housing triggers a chain reaction. When a wealthy household moves into a new condo, they vacate their previous home. This creates a vacancy that is filled by someone else, who in turn leaves their home vacant for another person, eventually increasing the availability of older, cheaper units.

Supply and Demand Shielding

When new housing is built at the top of the market, it "absorbs" the demand from high earners. If no new housing is built, those high earners will instead bid on older, more modest homes, driving up prices and displacing the lower-income residents who would have lived there otherwise.

Long Term Affordability

Filtering is a long term strategy. While it doesn't provide "new" low income housing immediately, it ensures that the existing housing stock remains accessible over decades. Without a constant influx of new supply at the top, the entire housing ladder becomes congested, and affordability disappears across all income levels.

Freedom is Calgarian; Freedom is Albertan; Freedom is Canadian

Government bureaucracy and red-tape interfering with our homes is an attack on Canadian Values

01

RALPH KLEIN

“Government should be getting out of the way of business so that they can get on with the job of business”

02

PIERRE POILLIEVRE

“The fundamental right of a person to use their own property to build a home or a business is being crushed by a wall of bureaucracy and red tape. We need to stop the gatekeepers and start the builders”

03

**MICHELLE REMPEL
GARNER**

“NIMBY cannot be how we build houses. NIMBY can't be our housing policy anymore... I'm sorry—at this point an esoteric debate about parking when we can't house our families is ridiculous. I'm saying this as a Conservative. Everybody needs to wake up!”

04

MY WIFE

“If we need to build a garage suite for Mom, it shouldn't be held up by zoning restrictions or our community association.”

The Pro-Growth Consensus

Conservative, Pro-Growth Policy-Makers, and Cities that have tried it Support Less Restrictive Zoning

Conservative Think Tanks

[Montana insitute supports open zoning](#)

[Fraser institute supports blanket rezoning](#)

[Manhattan Institute supports zoning reform](#)

Economists and Planners

[Ed Glaeser, Professor of Economics at Harvard](#)

[Alain Bertraud, Planner and Author of Order Without Design](#)

Anyone who studies the issue [1](#) [2](#) [3](#) [4](#) [5](#) [6](#) [7](#)

Business And Community Leaders

[Calgary Chamber of Commerce](#)

[Jon Cornish](#)

[Social Policy Collaborative](#)

Cities That Have Tried It

[Drumheller, Alberta](#)

[Spokane, Washington](#) (and initial [trial](#))

[Edmonton, Alberta](#)

A Broad Coalition of Calgarians Support Open Zoning

1. Libertarians who believe in private property rights
2. Free Market Capitalists who believe in the power of markets to order society
3. Environmentalists who oppose sprawling into fragile wetlands
4. Young people who want an affordable place to rent or buy
5. Multi-generational families who want to live together
6. People committed to ending homelessness
7. Construction and trades workers who want good jobs
8. Fiscal conservatives who want an efficient tax base and low property taxes
9. Infrastructure enjoyers who want funded water, road, transit, and utility systems
10. Anyone who supports higher economic growth
11. Calgarians who want it to be easier to start a family
12. Seniors who want more choice and more affordability in old-age
13. Anyone committed to a society with equal opportunity for young people

Tax Productivity Map of Calgary

Important note: this is residential and non-residential and is slightly out of date.

You should ask admin for both versions of an up to date one!

Some patterns still stand out.

