

Econ 101: Removing UpZoning Makes Calgary Poorer

How land-use rules distort housing and growth



Image credit: Eric González

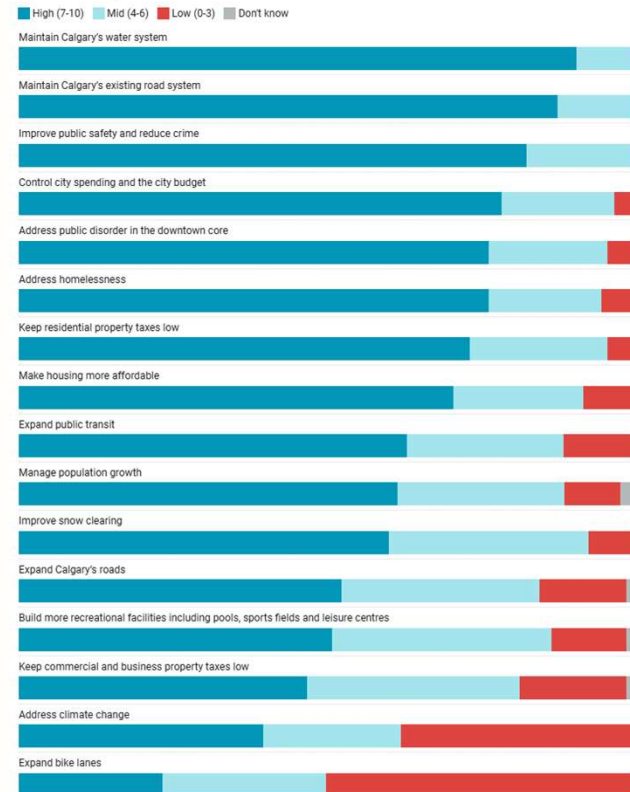
The Disconnect: Priorities vs Zoning

Calgarians Top Priorities:

- Maintain Calgary's Water System
- Improve Public Safety and Reduce Crime
- Control City Spending and the City Budget
- Make Housing Affordable

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?



Source: Janet Brown Opinion Research / Trend Research - Created with Datawrapper

The Disconnect: Priorities vs Zoning

Calgarians Want

- An Affordable City
- Low Taxes
- Controlled Spending
- Safety

Infrastructure and Maintenance



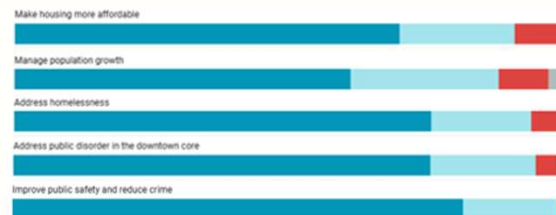
- Sprawl maximizes piping costs and losses. (linear scaling problem)
- Low density zoning massively expands the surface area the city must pave, maintain, and plow, all while spreading the cost across fewer taxpayers per square kilometer. (linear scaling problem)

Taxes and Spending



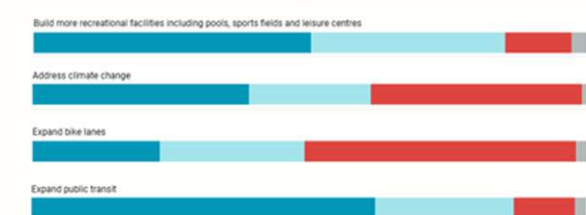
- Sprawling single-family neighborhoods often run a localized deficit. (SFH's are low economic value)
- When residential taxes fail to cover the inefficient infrastructure burden of low density, the city shifts the tax burden to local businesses, driving up costs for everyone..

Social Cost

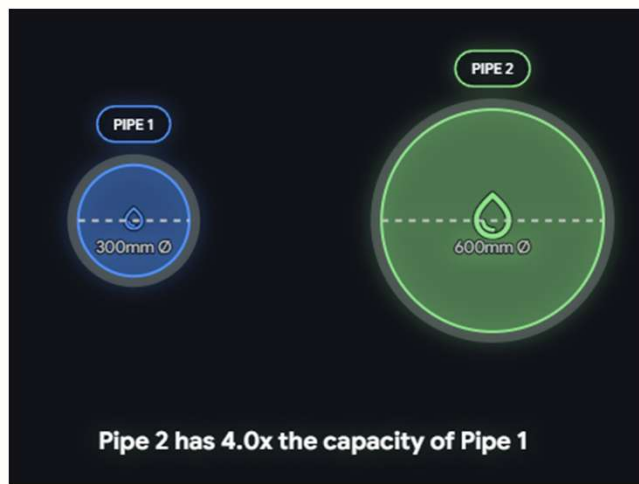


- Calgary is growing. If we artificially cap housing density while demand spikes prices increase (Econ 101)
- The primary driver of homelessness is housing unaffordability. By artificially driving up the cost of shelter, we directly increase homelessness (Texas vs California)

Quality of Life



- Density allows the city to build fewer, but far better, centralized amenities. (scaling issue)
- Low density cannot support efficient transit artificially forcing car dependency (negative feedback loop)



Economies of Scale Favor
Density

Infrastructure and Maintenance

Maintain Calgary's water system



Maintain Calgary's existing road system



Expand Calgary's roads



Improve snow clearing



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THE IMPLICATIONS OF ALTERNATIVE GROWTH PATTERNS ON INFRASTRUCTURE COSTS

EXECUTIVE SUMMARY

Purpose of Report

Calgary has seen record levels of growth over the last few years and population and economic growth is expected to continue in the future. Over the next 60 years the population in the city itself is expected to grow from approximately 1 million to 2.3 million persons, with another 0.5 million people in the surrounding region. This level of growth offers the opportunity, and the need, to shape the future land use and transportation patterns of Calgary.

Plan It Calgary has commissioned this study to assist in development of an integrated plan for land use and transportation. It examines the infrastructure implications of two growth patterns. The Dispersed Scenario reflects current trends and the continuation of current city policies, while the new Recommended Direction intensifies jobs and population in specific areas of the city, and links them with high-quality transit services. The types of infrastructure investigated in this report are transportation (roads and transit), water and sewer services, police, fire, parks, recreation centres and schools.

Key Findings

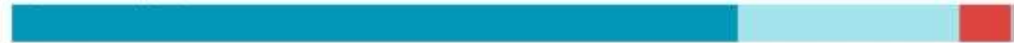
- The land required for Plan It Calgary's Recommended Direction is 25% smaller than the Dispersed Scenario (which reflects current policy and trends).
- The cost to build Recommended Direction is 33% less expensive than the Dispersed Scenario.
- The Recommended Direction would be less expensive to operate and maintain over the next 60 years than the Dispersed Scenario.
- The cost to build, maintain and replace aging streets has the largest impact when comparing costs between the two growth patterns. Reduced greenfield growth in the Recommended Direction will result in a 36% cost savings for new streets compared to the Dispersed Scenario, and will also reduce maintenance and replacement costs.
- Enhanced Primary Transit service proposed in the Recommended Direction would actually be less expensive to build than extending transit to suburban communities in the Dispersed Scenario. Increased transit ridership in Recommended Direction, which provides double the service compared to the Dispersed Scenario, means that it would cost approximately the same to operate transit in both growth patterns.
- Reduced greenfield growth in Recommended Direction will result in a 55% cost savings for water and wastewater systems compared to the Dispersed Scenario. There would be no net difference in costs for the existing parts of Calgary since replacement of water and wastewater systems will be required as infrastructure ages. Significant intensification of existing areas and growth in new greenfield communities could both trigger the need to upgrade existing systems.

Taxes and Spending

Control city spending and the city budget



Keep residential property taxes low



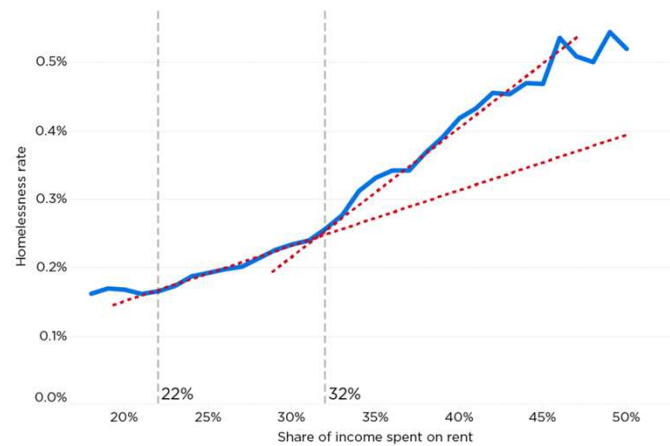
Keep commercial and business property taxes low



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Homelessness climbs faster when rent affordability reaches 22% and 32% thresholds

An uptick in rent affordability beyond 22 percent translates into more people experiencing homelessness. Beyond 32 percent means a faster-rising rate of homelessness — which could mean a homelessness crisis, unless there are mitigating factors within a community.



Zillow Economic Research | Source: An analysis by Zillow Research Fellow Chris Glynn of the University of New Hampshire, Thomas Byrne of Boston University and Dennis Culhane of the University of Pennsylvania.

City	Rent-to-Income Ratio	Average Rent Price
Vancouver	35.6%	\$2,891
Calgary	27.7%	\$2,027
Winnipeg	26.0%	\$1,713
Toronto	30.6%	\$2,581
Montreal	32.2%	\$1,604
Halifax	34.1%	\$2,145

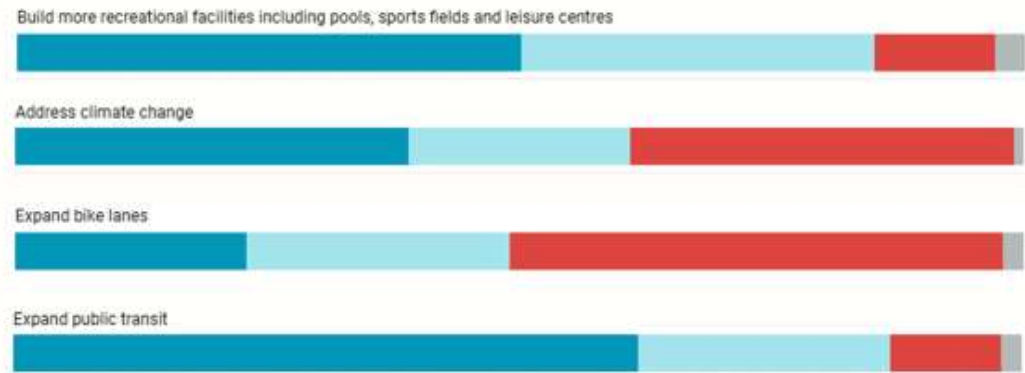
Social Cost



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ECONOMIES OF SCALE - DENSER IS BETTER

Quality of Life



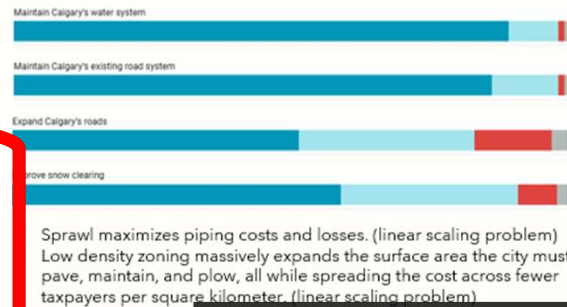
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The Disconnect: Priorities vs Zoning

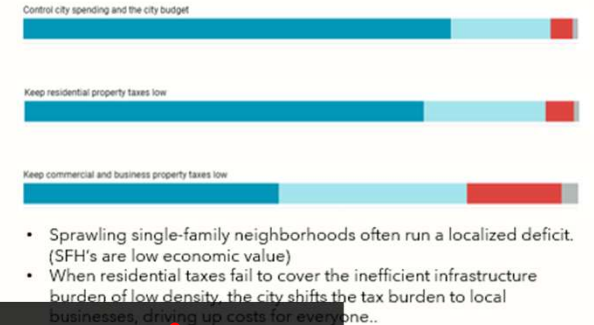
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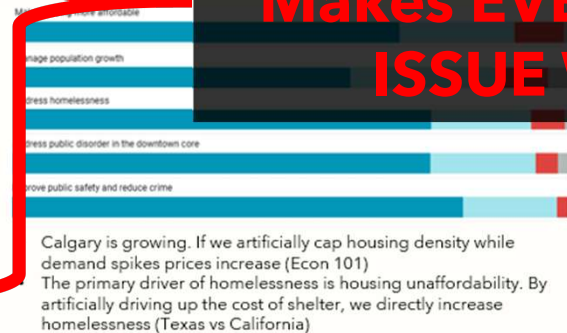
Infrastructure and Maintenance



Taxes and Spending



Social Cost

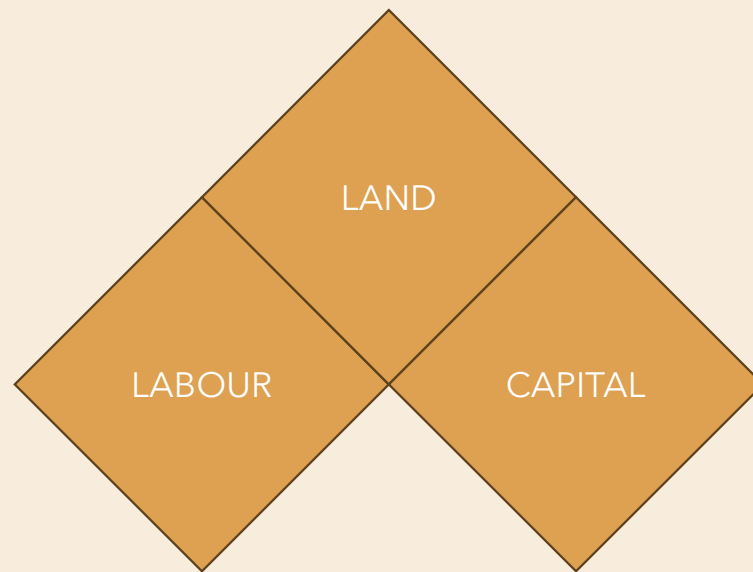


Quality of Life

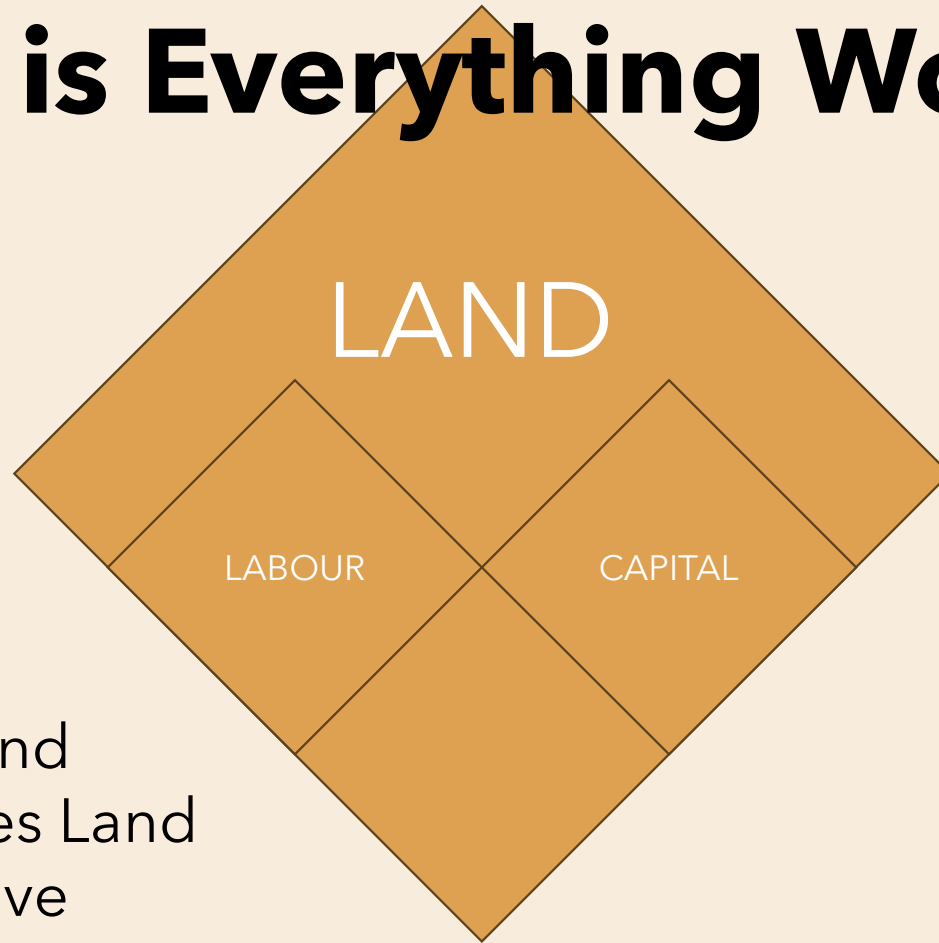


**Removing Upzoning
Makes EVERY SINGLE
ISSUE WORSE**

WHY is Everything Worse?



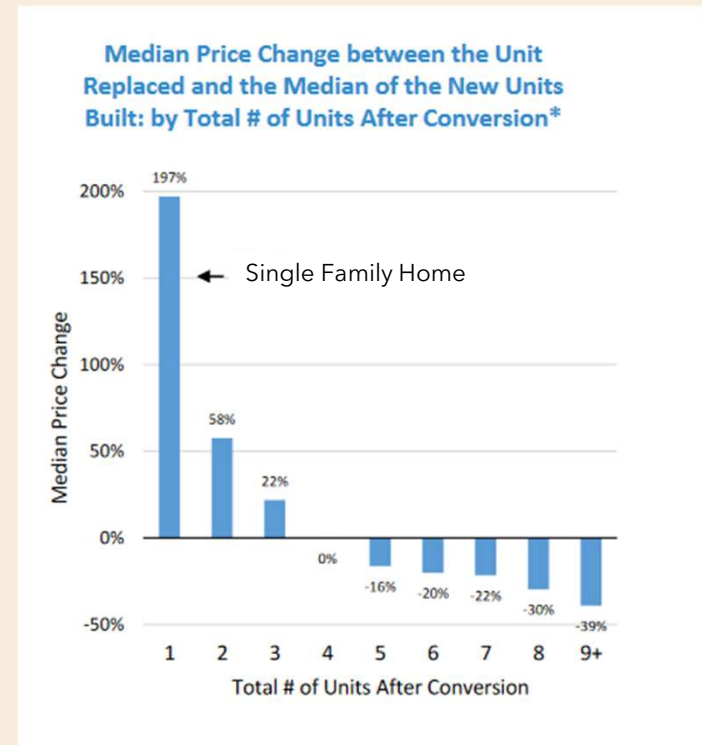
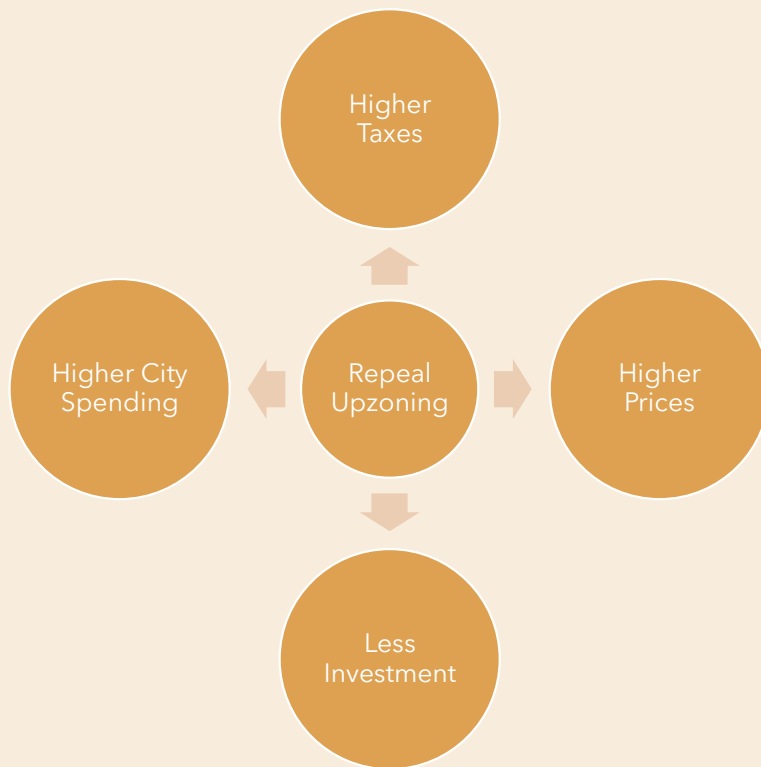
WHY is Everything Worse?



Restricting Land
Use..... Makes Land
More Expensive

Congratulations,
you've created
inflation!

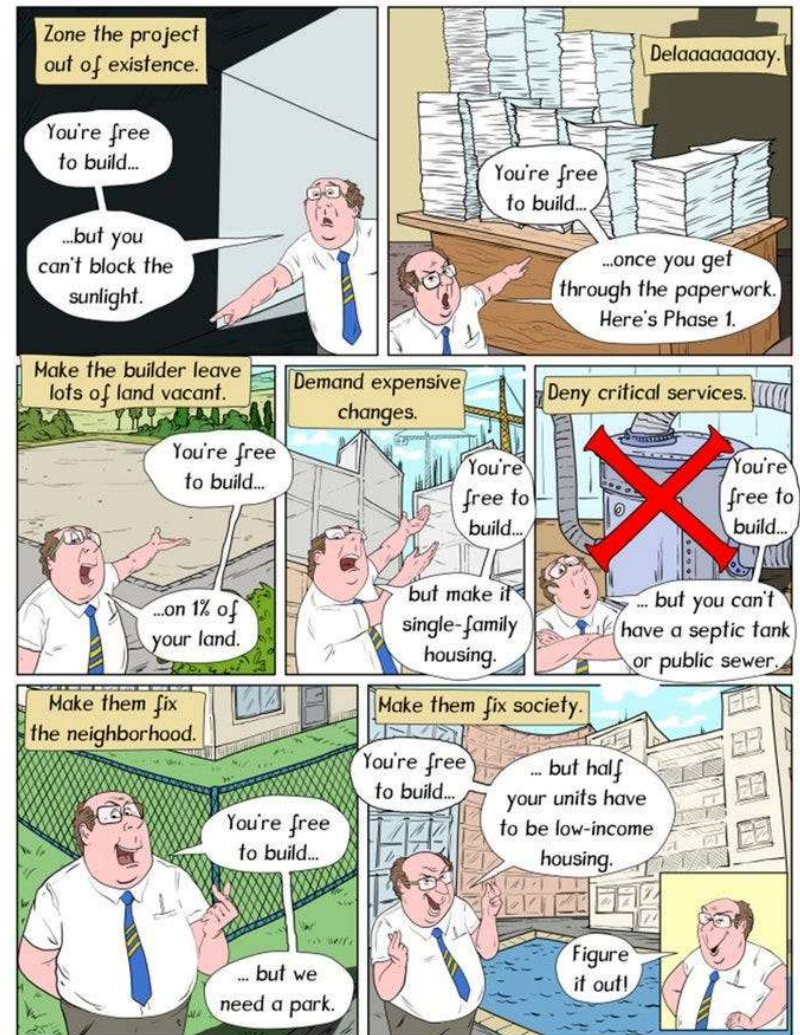
WHY is Everything Worse?



DENSITY ALWAYS WINS

The Fundamental Issue?

- NIMBYS don't pay the cost of their actions
- Blocking building harms the city (from higher costs)
- Those costs are dispersed and hard to see and not borne completely to the NIMBY
- Unpriced Negative Externality



The Solution (Houston Texas Model)

- Allow individual blocks to zone themselves
- Implement a "Best Use" tax for blocks that don't wish to upzone
 - Prices in the negative externality
- Accounts for the harms to society caused by NIMBYs
 - Puts negative pressure on NIMBY actions

Localized Zoning with Best Use Tax Penalties

	1st St	2nd St	3rd St	4th St	5th St
1st Ave	Upzoned 1x Tax	Upzoned 1x Tax	Duplex 2x Tax	SFH Only 4x Tax	SFH Only 4x Tax
2nd Ave	Upzoned 1x Tax	Upzoned 1x Tax	Duplex 2x Tax	SFH Only 4x Tax	SFH Only 4x Tax
3rd Ave	Upzoned 1x Tax	Townhome 1.33x Tax	Duplex 2x Tax	Duplex 2x Tax	Duplex 2x Tax
4th Ave	SFH Only 4x Tax	Duplex 2x Tax	Upzoned 1x Tax	Upzoned 1x Tax	Upzoned 1x Tax
5th Ave	SFH Only 4x Tax	SFH Only 4x Tax	Townhome 1.33x Tax	Upzoned 1x Tax	Upzoned 1x Tax

Using 4-Plex as Basis

THERE'S NO FREE LUNCH ONLY TRADE OFFS



If You Support

Lower Taxes
Higher Wages
Small Businesses
Less Homelessness
Environmentalism
Better Services

REJECT THE MOTION



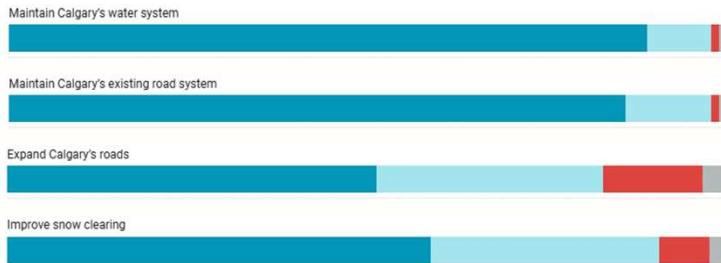
If You Support

Inflation
Less Individual Freedom
Protecting Neighbourhood Character
Poorer City
Government Controlled Markets

PASS THE MOTION

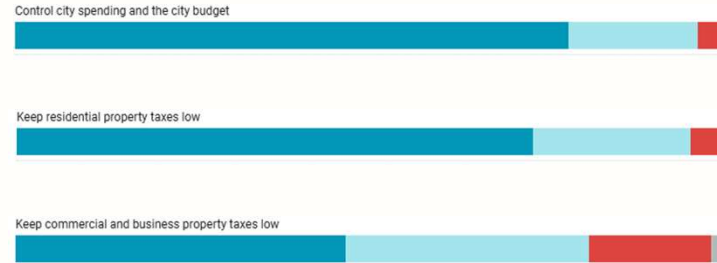
Thank You

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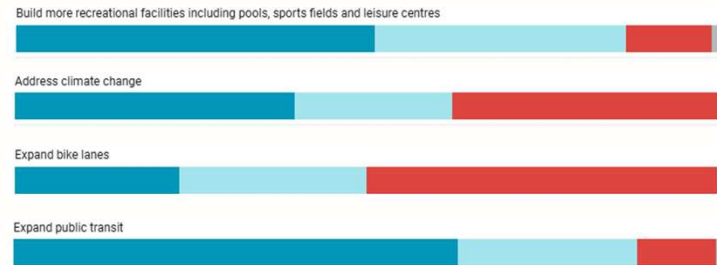
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