

## THE UNASSAILABLE CASE AGAINST BLANKET REZONING

### Introduction

While we applaud the City for endeavoring to address the affordable housing issue currently plaguing major urban centers across Canada, there are a number of serious impacts associated with the Blanket rezoning approach. In the opinion of the authors, there exist much more effective solutions to deal with the issues without the attendant drawbacks, in particular the wholesale disruption of existing, highly functioning neighbourhoods.

The following discussion paper elaborates on the efficacy of the blanket rezoning approach, the myriad unintended consequences and provides alternatives tailored to address the affordability issue based on sound planning principles, which more adequately consider related social, environmental and economic objectives. The proposed solutions are readily implementable, predictable in terms of results and well within the City's purview with respect to resources and expertise.

### Blanket Rezoning PROs and CONs

The following provides a summary of the City's arguments in support of the Blanket rezoning initiative along with the myriad counter arguments.

#### PROs

The City of Calgary is advocating for a proposed blanket rezoning initiative as part of its broader strategy to address housing affordability and diversity within the city. Based on the City's published documents<sup>1</sup> these are the primary arguments in favor of this initiative:

1. **Increased Housing Options and Affordability:** The initiative aims to redesignate residential areas that currently only allow single or semi-detached homes to also permit row houses and townhouses. This change is intended to provide more housing options, thereby improving housing affordability for Calgarians by increasing the supply of homes. The proposal is aligned with the city's broader housing strategy, "Home is Here: The City of Calgary's Housing Strategy 2024-2030, which was approved to address ongoing housing affordability challenges.
2. **Streamlining the Development Process:** By changing the default zoning, the initiative seeks to streamline the development process, eliminating the need for individual public hearings for each new project within the rezoned categories. This is expected to reduce bureaucratic hurdles and accelerate the construction of new homes, facilitating a quicker response to housing demand.
3. **Supporting Diverse Community Needs:** The rezoning initiative is seen as a way to support the needs of diverse households by allowing different types of housing within communities. This includes facilitating the construction of rowhouses and duplexes, which can provide more affordable housing options and potentially include secondary suites for additional income or affordable rental options. These housing types are intended to attract a range of residents, from families to single occupants, enhancing community diversity.
4. **Utilizing Existing Infrastructure Efficiently:** The proposal argues that most established communities, particularly those built before 1980, have existing infrastructure capacity to support increased density. This is due to declining populations in these areas and the construction of more

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<sup>1</sup> <https://www.calgary.ca/council/ward-1/articles/housing-strategy-update.html>

efficient housing units. By increasing the types of housing allowed, the initiative aims to make better use of this existing infrastructure.

5. **Improving Overall Housing Market Dynamics:** Adding new homes to the market, even if they are initially priced higher, contributes to overall housing affordability. This is because it reduces competition among buyers and renters, leading to more reasonable prices across the market. Additionally, offering a variety of housing types gives consumers the flexibility to choose homes that best fit their budgets and lifestyles.
6. **Encouraging Development in Established Areas:** The initiative is part of a broader approach to encourage development within established areas of the city. This is intended to meet the high demand for homes in these locations, providing more housing choices closer to employment and amenities, which can reduce commute times and environmental impact.

**The aforementioned objectives can be readily achieved through conventional planning protocols and processes without resorting to a “sea change” in the form of Blanket rezoning.**

## CONs

Counterarguments to the proposed blanket rezoning initiative by the City of Calgary are based on various concerns and acceptable principles of urban planning and development. While the initiative seeks to address housing affordability and increase housing options, there is an abundance of potential downsides and challenges that must be considered by an informed City Council:

1. **Negative Impact on Community Character and Cohesion:** The introduction of higher-density housing forms in traditionally low-density neighborhoods will radically alter the character and cohesion of established communities. The aesthetic and historic attributes along with the cultural identity of neighborhoods will undoubtedly be compromised, affecting the quality of life for current residents. The change will invariably lead to a mismatch in community expectations and the physical environment.
2. **Environmental, Climate Change and Green Space Concerns:** The higher density forms proposed will lead to a reduction in green space, trees and permeable surfaces, exacerbating the urban heat island effect, limiting biodiversity through loss of habitat and increasing peak discharge of stormwater and its associated impacts. Reduction of the urban tree canopy runs directly counter to the City’s stated climate change goals. Passive CO2 sequestration will be reduced by 22Kg per annum with each mature tree lost to increased building coverage.
3. **Negligible Affordability Improvements for Lower Income Households:** While adding more housing units is intended to improve affordability through increased supply, there's no guarantee that new developments will be accessible to lower-income households. The market will continue to produce housing units that are out of reach for many, particularly in desirable neighborhoods, thus not effectively addressing the core issue of housing affordability for all segments of the population.
4. **Strain on Existing Infrastructure and Services:** While the initiative assumes existing infrastructure can support increased density, there could be unforeseen impacts on local services and infrastructure, including roads, schools, parks, and emergency services. Higher density, in areas previously planned for single family, could lead to congestion, overburdened public amenities, and a need for significant upgrades to infrastructure, which might not have been adequately anticipated or budgeted for. In this respect a more thorough analysis of these issues is warranted prior to the wholesale application of blanket rezoning.

5. **Parking and Traffic Congestion:** Increased density typically leads to more vehicles in a given area, potentially exacerbating parking shortages and traffic congestion. This will diminish the quality of life for residents, reduce the attractiveness of neighborhoods for potential buyers, and negatively impact property values. The proposed changes might not adequately address these challenges, particularly in areas without robust public transportation options.
6. **Loss of Single-Family Homes:** While the initiative does not forbid the construction of single-detached homes, the market dynamics will likely favor the development of more profitable multi-family units. This will gradually reduce the stock of single-family homes, a desirable structural option for empty-nesters and seniors wishing to remain in their existing neighbourhoods. It will also limit choices for families desiring this type of housing and alter the landscape of neighborhoods that traditionally featured detached homes. The incentives to redevelop perfectly accommodating single family bungalows will displace many seniors, who would have otherwise preferred to age in place.
7. **Lack of Certainty and Its Proven Impact on Health and Well-Being:** The Blanket rezoning proposal provides no certainty as to an individual's living environment even in the short term. Certainty of one's preferred living experience is a key determinant in the home buying process. Conversely, uncertainty has a major negative impact on one's health and well-being. Uncertainty exerts a strong pull on our thoughts, and inhibits our ability to act, leaving us anxious and psychologically fragile. Waiting for certainty can feel like a million tiny cuts, leaving us consumed with anxiety.<sup>2</sup>

This unintended consequence of the initiative is contrary to the City's planning for healthy communities' principles as articulated in the most recent Area Structure Plans (example - Nose Creek Area Structure Plan) and has the potential to create uncertainty and its related negative health impacts for +/- 600,000 Calgary Households currently occupying single-family dwellings.

We defy anyone living in a single-family dwelling in any neighbourhood, regardless of price range to wake up one morning to discover an 8-unit multiplex with limited parking going in next door and not suffer severe anxiety. The health care system is under enough duress without additional burdens.

8. **Loss of Freedom of Choice:** Freedom of choice is a central tenet of Western Civilization, the freedom to choose between different possible courses of action and by extension, the freedom to live in a neighbourhood which reflects and embodies one's preferred attributes in terms of aesthetic, environmental, social and economic characteristics. Up till now the citizenry of Calgary have had the freedom to aspire to and ultimately choose their preferred living environment. In a headlong and misguided rush to enforce equity and inclusivity in all possible circumstances, the City is sacrificing this particular freedom, a choice that has been clearly demonstrated by the majority of Calgary households.
9. **Massive Economic Impact:** An analysis by experienced certified appraisers suggests a potential loss of \$52B in existing equity for the \$262B of current investment in single family units with a concomitant impact on the Municipal tax base.
10. **Reduction in Home Ownership in Favour of Increased Rentals.** Home ownership has been proven to develop more engaged communities as home owners are more apt to invest in their property and community. This fosters a stronger sense of belonging, participation and community engagement. Ownership provides greater personal control over housing costs compared to renting. Home ownership is also considered a form of forced savings, leading to wealth accumulation over

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<sup>2</sup> Robinson, Brian E., Ph.D "Why You Hate Uncertainty and How to Cope", Psychology Today. Nov. 2020.

time as owners pay down their mortgages. This equity is often leveraged for other investments, education, or retirement, contributing to greater economic stability and security overall.

11. **The Blanket Rezoning Model is Unproven.** Based solely on a hypothesis, there exists no tested or verifiable results that the proposed blanket rezoning model provides the results it espouses; whereas Comprehensive Neighborhood Development Plans have been proven with positive results for many decades in Calgary. To deploy an unproven model on the citizenry without ample testing, due diligence and proof of positive results would be unconscionably irresponsible. *Once deployed the negative effects of the blanket rezoning initiative would be difficult, if not impossible to reverse.*
12. **Blanket Rezoning Cannot Respond to Local Needs.** Just as community associations understand the needs of their community better than Municipal Government, which understands its City better than the Province, which understands it's Province better than the National Government. Blanket rezoning is a national initiative, that naively purports to solve micro issues with a macro solution.

Each of these counterarguments emphasizes the need for a balanced approach to urban development, one that considers the long-term impacts on communities, infrastructure, and the environment. While the goals of increasing housing affordability and diversity are commendable, the methods to achieve these objectives need to be carefully evaluated and designed to mitigate potential negative outcomes. In other words, PLANNING in the traditional sense as opposed to a retrograde “one size fits all” approach.

## The Creation of a Perpetually Affordable Housing Supply

As evidenced, the ability of the initiative to address the key issue of affordability is questionable and the consequential impacts, unintended and otherwise, are legion and significant. The City is wielding a sledgehammer when a scalpel is required to reshape the urban landscape.

The City does however possess the means in both ‘men and material’ to solve the problem and on their own substantial land base.

## Land Cost – A Barrier to Affordability

Land development and building when in the hands of the private sector are “for profit” enterprises. Developers are typically looking for returns in the 20 to 25% range with builders adding another 14% or better to the final selling price of a unit.

The land component of the majority of most lower density housing forms (i.e., single-family, semi-detached, duplex, townhouse and multiplex) is between 25 and 30% of the final selling price of the unit with materials, labour, marketing, project management and profit constituting the remainder.

Land developers and builders are incentivized to deliver housing products that will render an acceptable profit margin and, given the fixed cost components, there is little scope for providing ‘affordable’ versus ‘market rate’ housing.

While the City has virtually no influence over most of the fixed cost components (i.e., materials, labour, marketing, project management and profit), it has at its disposal a land base and the administrative capability to deliver housing between 25 and 33% below market values for comparable units, or truly affordable housing.

## City Land Supply – A Lost Opportunity

Over the past twenty years, the City of Calgary has generated through planning studies redevelopment schemes on City-owned parcels adjacent to LRT stations, excess school sites and larger agglomerations. These redevelopment initiatives represent the potential for thousands of affordable housing units of various structural types (from townhouses to hi-rises.) Unfortunately, very few of the identified opportunities have been acted upon.

These studies could be easily reactivated and form the basis of a comprehensive affordable housing strategy.

## The Proposition – A Mechanism to Achieve Perpetual Affordability

The City establishes a housing management entity (Affordable Housing Corp) that oversees the development of affordable housing. Alternately, parameters are established for private companies to undertake this development. Land in the municipal inventory is leased to AHC for a nominal amount for a long term (say 99 years). Durable, long-term housing is developed and sold by AHC absent the land cost at approximately 30% less than comparable housing. Purchasers are screened to meet an income and means test to qualify for affordable housing. Terms of sale require that the property must be owner-occupied. The owner may sell the property however the property must be sold back to AHC at a cost base plus the cost-of-living increases over the duration of occupancy. The property can then be re-sold to the market again on an affordable basis (presumably 30% under market) providing a perpetual affordable housing model, limited only by the durability of the property. When the property ultimately reaches its end of life, the AHC may rebuild on the property under the same model because the land stays in the commons under the control of the Municipality.

The model is equally applicable in the delivery of rental units. The split between ownership and rental would be determined through an examination and projection of City supply/demand characteristics.

Given this model, affordable housing remains perpetually affordable rather than only initially affordable and thereafter absorbed by the market. A key component is the availability of City owned land. The model could also utilize Provincially owned land, such as surplus school sites. Most school land owned by the Province carries the caveat that if sold, must be sold at market value. This has prohibited the re-development and efficient re-use of these sites for affordable housing and other community functions. By leasing these sites, rather than selling the land, the perpetually affordable aspect is achieved.

## Summary and Recommendations

The following provides a comparison of the Blanket rezoning initiative versus Comprehensive Neighbourhood Planning coupled with an AHC in terms of addressing the City's stated objectives.

BLANKET REZONING	COMPREHENSIVE NEIGHBORHOOD PLANS PLUS AHC MODEL
<b>1) Increased Housing Options and Affordability</b>	
Questionable ability to provide affordable housing in numbers capable of satisfying demand. Unlikely to address affordability for lower income households	Well located, contextually appropriate projects at scale and affordable rate. Ability through reduced land costs to address lower income households
<b>2) Streamlining the Development Process</b>	
Zoned parcels do not require individual public hearings, however blanket rezoning has potential to cause a significant backlog of appealed development permits at SDAB if affected residents and/or community associations are opposed.	A comprehensive neighborhood plan will designate the most appropriate sites for intensification along with AHC projects, thereby eliminating friction in the approval process.
<b>3) Supporting Diverse Community Needs</b>	
The majority of Area Redevelopment Plans currently provide for diverse housing options and the Local Area Plan Process is providing for alternatives and considerable intensification. Therefore, blanket rezoning is unnecessary.	Comprehensive Neighborhood Plans along with the AHC model achieve the stated objective without the attendant impacts.
<b>4) Utilizing Existing Infrastructure Efficiently</b>	
Sporadic/scattered redevelopment engendered by blanket rezoning of single-family neighbourhoods is not considered an efficient use of infrastructure v/s selective large-scale redevelopment.	Development of City land which has sat vacant in prime locations for an extended period (+/- 25 yrs.) would be an extremely efficient use of existing infrastructure. Especially on a larger scale that takes advantage of public transit (ie LRT Stations)
<b>5) Improving Overall Housing Market Dynamics</b>	
<p>“Adding new homes to the market, even if they are initially priced higher, contributes to overall housing affordability” is not only counter-intuitive, but spurious in the extreme. By the City’s own admission, blanket rezoning will result in <i>“adding higher priced homes to the market”</i>.</p> <p>The Authors’ experience over the past 40+ years suggests that house prices in YYC have remained stable or increasing, except during two periods (NEP 1981 and 2007 sub-prime mortgage crisis) caused by exogenous and extreme events. We are unaware of any instance in history where an oversupply without a concurrent financial anomaly has caused a reduction in average house prices.</p>	The AHC model will provide truly affordable housing in perpetuity, again without the attendant disruption and negative impacts.
<b>6) Encouraging Development in Established Areas</b>	
Blanket rezoning represents a shotgun approach to re-development in established areas and will not achieve the volume or type of development required to address the affordability issue.	Comprehensive Neighborhood Plans accomplish this objective in a more rational and considered way allowing for intensification that provides for desired synergies and adjacencies, mixed uses, live/work and unique living arrangements (coop housing, etc).

This is best accomplished through comprehensive and contextually appropriate planning.	
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## RECOMMENDATIONS

We respectfully table the following recommendations to Calgary City Council for due consideration:

- 1) That the City abandon the Blanket rezoning initiative/bylaw in favour of Comprehensive Neighbourhood Plans (Local Area Plans) that identify specific areas/sites to be rezoned for duplex, townhouse and multiplex structures along with multi-family uses, including four and five storey, mid-rise and hi-rise buildings.
- 2) That the City establish an Affordable Housing Corporation along the lines as previously described to deliver below market rate housing in both ownership and rental tenure in a variety of structural types.
- 3) That the City identify and make available under a lease structure, municipally owned parcels throughout the City as part of the Affordable Housing Initiative.

### Authors:

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