



Jennifer Wyness, Ward 2 Councillor

## **The City of Calgary's Housing Strategy 2024-2030**

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Signs were posted all over the city decrying the state of our housing market, countless articles were written in local and national papers, hundreds of people came to speak to Council, and Councillors declared we needed a “wartime effort.” The City declared a housing crisis, and we expected meaningful action. In the end, Council approved a plan that I believe was more about putting expensive townhouses in Calgary’s inner-city communities than making a real impact on the issue of housing affordability across our city.

The affordability plan passed, and I voted for it. First, I support any action we can take to improve housing affordability. However, this was not a great plan. I pushed back on City Administration and the proponents on Council. I proposed 5 amendments that were timely, common-sense ways to improve affordability and tenant conditions, that would focus any spending initiatives on increasing below-market rental inventory and open up access to capital for developers to build more rental homes. Of the amendments I proposed, one passed, three failed, and one I retracted after some discussion so other Councillors could also put their name on it in the future (although they were unwilling to vote for it now). Clearly, The City’s strategy was not about adopting the best ideas to solve the problem. Instead, it was about accepting what was presented without question.

I was elected to push for actionable change.

### **R-CG Zoning**

First, let’s address the elephant in the room; R-CG zoning. R-CG allows for row townhouses as well as single detached, side-by-side and duplex homes that may include a secondary suite. Half of Ward 2 is already zoned R-G, which allows for a mix of low-density housing forms in suburban greenfield locations, including single-detached, side by side, duplex, cottage housing clusters and rowhouse, all of which may include secondary suites. These two zoning designations are essentially the same: R-CG is meant for established communities, and R-G is for new communities. Since around 2014, all new residential single-family homes in Ward 2 have been built under R-G zoning. If you live north of Stoney Trail, you pioneered this baseline zoning change. In essence, this means that the established communities in Ward 2 (and new communities) are not designed for R-CG upzoning and redevelopment (we have narrow lots, curved streets, and few alleyways). Any new R-CG development needs to compete with ample R-G zoning which is a 5-minute drive away and which is being built on significantly cheaper Calgary Historic City Hall, 700 Macleod Trail S.E., 4th Floor P.O. Box 2100,

Station M, #8001 | Calgary, AB, Canada T2P 2M5 greenfield lands. Given market dynamics and input costs, Ward 2 homes are too expensive to be bulldozed only to build similarly priced units at a slightly higher density. This is an inner city solution to an inner-city problem, but it is unfortunately not as great a solution as it has been made out to be.

Blanket R-CG rezoning of lands that are primarily single-family homes is not a solution to affordability. In fact, it will have the opposite effect. If we blanket rezone lands to R-CG, developers will compete and buy up the lowest-cost properties. These are also the most affordable homes. Then, these affordable homes will be replaced with 2 to 4 more expensive homes. As a result, this rezoning is likely to remove affordable homes from the market. Additionally, removing the barriers to rezoning will also remove equity lifts (paper increases on the value of the property) in these R-CG projects, which the size of builders working in this space desperately needs to access, at a time when capital for smaller builders is restricted. Yes, they will save some money on land-carrying costs through a rezoning period, but they will still have to get a development permit, which takes time. The interest cost they pay on holding costs of the property is typically capitalized into their projects (where the borrower is to be paid at the end of the project at the time of sale). However, they lose the equity lift from going through the rezoning process, which is typically much higher than the cost to go through the process. So, these R-CG builders will need to have more cash equity, which is difficult to acquire in our current market of high-interest rates and tighter lending parameters.

At the end of the day, this broad rezoning saves City Hall paperwork, but the impact on the market will be negligible as current homeowners' property prices will rise and developers will need to find more cash for their projects.

It should be made clear that R-CG zoning will produce more expensive homes than the homes they replace, due to high input costs to build; and current market conditions don't support the belief that there will be trickle-down impacts for people to access more affordable homes as people move up into more expensive properties. There is some validity to that statement, but we don't live in a city with a fixed population, so it is more likely that any positive impact will be negligible. Finally, on R-CG, the number of homes for sale in the inner city that would make sense to develop into "missing middle density" is incredibly low. There just isn't a lot of unused inventory to open up, and instead, rezoning to R-CG just means homebuyers now have to compete with developers who will pay more for a pre-zoned lot.

As such, there is a high likelihood this entrenches existing built forms in the city by reducing access to capital for builders and raising prices. It has never made sense to me that zoning in Ward 2 on the outskirts of the city was denser than in inner-city communities. This past week's zoning solution does not add the needed inner-city density, and as a result, our outer greenfield developments will still see greater density than the redevelopment of our inner city.

R-CG rezoning is less about providing affordable homes, and more about how the inner-city communities should be developed. However, the inner-city Councillors wanted this rezoning, and the rezoning only has a minor impact on Ward 2, so I supported it.

Proponents of these recommendations claimed that supply will solve the affordability crisis. So, I proposed we take action on building supply in a meaningful way and not just building more expensive townhouses in the inner city. I also proposed we focus our spending on below-market rental options and tenants' rights.

### Amendments

I proposed 5 amendments to the Taskforce recommendations:

#### Increase Zoning for Apartments around C-Train Stations

- To increase zoning on all properties in a 400m radius of C-Train stations within a 15 minute ride to downtown (amended on the floor to 200m), to allow commercial main floor with residential units to unlimited height (same as downtown). This was voted down by those who said we needed “wartime efforts.” The reason given was the land use bylaw process was more appropriate. This is ironically the same argument that was used against blanket upzoning to R-CG of all R-1 and R-2 units, with the rationale that the same process was ineffective. Opponents to my amendment are seemingly fine with 15+ storey apartments being built in Sage Hill while the “Route Ahead” transit policy cuts service to those areas, but they simultaneously believe that building 15+ stories in Sunnyside would ruin the community. This zoning would also qualify for all the federal incentives such as the removal of GST on purpose-built rentals over a specific density, and CMHC-insured financing for purpose-built rentals (again over a specific size and density).

#### Short-Term Rentals

- I proposed administration to come back with a commercial/business license fee equivalent or similar to what short-term rentals like Airbnbs would pay in commercial property tax. Short-term rentals are a business where the value is driven by the property; they are not residential homes. In Calgary, there are over 5000 short-term rentals which are essentially hotel rooms taking up long term residential units. Council was told by the law department this couldn't be done because of the Municipal Government Act (MGA); however, cities like Banff and Canmore have been doing this for almost 10 years and they also fall under the MGA. New York City has also recently gone in the same direction. Again, those calling for wartime efforts mired the process with red tape and ambiguity; and voted against this.

#### Landlord Education

- I proposed a licensing and/or education program for landlords in Calgary. Again, this faced heavy resistance. The same frustrating resistance to progress at City Hall appears to continue, despite a housing crisis (to use The City's own terms). This passed (narrowly), likely because

every major city in Canada is doing something similar and the legal ramifications points felt slightly contrived.

### Secondary Suite Funding

- I proposed removing the \$4M fund to pay \$10,000 to landlords developing basement suites. This was included in the package, but it is not an affordable housing initiative. There were no conditions that this be used toward below-market units first, no Calgary Historic City Hall, 700 Macleod Trail S.E., 4th Floor P.O. Box 2100, Station M, #8001 | Calgary, AB, Canada T2P 2M5 restriction on rent increases over a period of time, no conditions whatsoever to mitigate the landlord using the property for a short-term rental, or that the suite even has to be rented in the market. This approach would support 400 secondary suites, with no guarantee that it would add 400 secondary suites to the affordable housing market. Instead, this initiative would only fund those who can already afford to buy a home and raise the value of their properties. The City would be picking winners and losers. \$4M would be better spent on below market housing options or improving our licensing process for existing unregistered suites. This was voted down.

### Restrictive Covenants

- I also proposed that The City review and inventory restrictive covenants in established areas. This action would better equip Calgarians with an understanding of some of the obscure restrictions on redevelopment land that cause systemic barriers to growth and progress. The City itself does not take the initiative to remove these prior to selling or transferring land. There were other Councillors who stated they really wanted to support this and move forward with this to improve The City's equity and diversity; but that they would not vote for it at that time. I was confused as to why a crucial equity and diversity piece that restricts housing couldn't be included in our housing strategy. However, I pulled the amendment so that these Councillors could be included in something they cared so much about (but stated they couldn't support at this time).

### **Summary**

City Council is elected to listen to constituents and a broad spectrum of those impacted by The City's decisions, direct City Administration, and not blindly follow their advice without questioning it. Yes, we need to follow the existing laws, but we have the power to change those laws if they are not working for our community. That is our job.

The Affordability Plan is not a bold affordability plan. This is a plan to fill the inner city with expensive townhouses, not affordable homes for people who need housing security the most. It is a public relations spin to make constituents think we were solving an affordability crisis when The City is just changing a zoning regulation that will absolutely have both positive and negative results, but overall will not produce the levels of housing we need.

I voted for the package because there are some wins. In a democratic fashion, we get to vote on them, and we will win and lose some votes. Some great initiatives lost, and some poorly thought-out initiatives won. Overall, I believe Council did not do enough to materially impact affordability in this city.



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