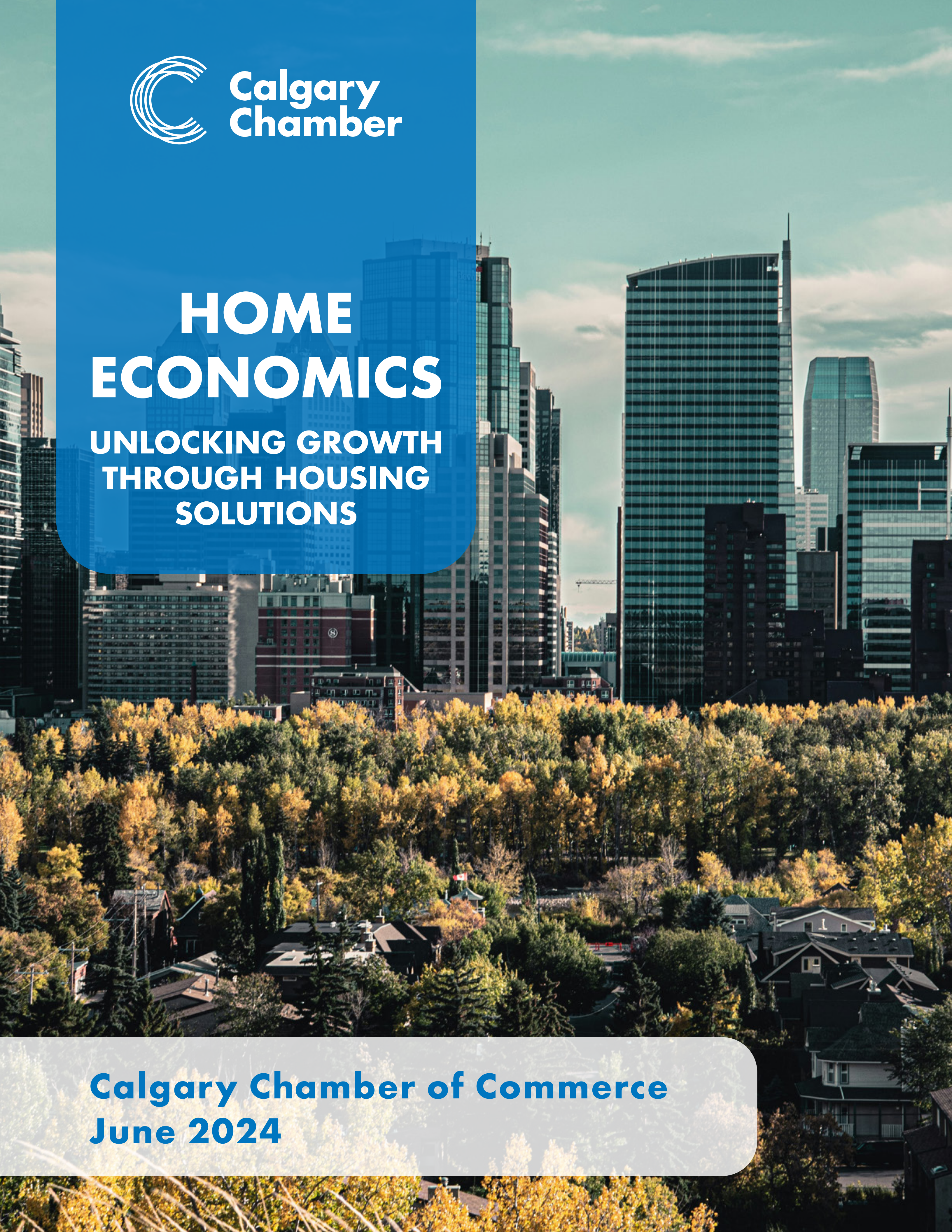


Calgary Chamber

HOME ECONOMICS

UNLOCKING GROWTH THROUGH HOUSING SOLUTIONS

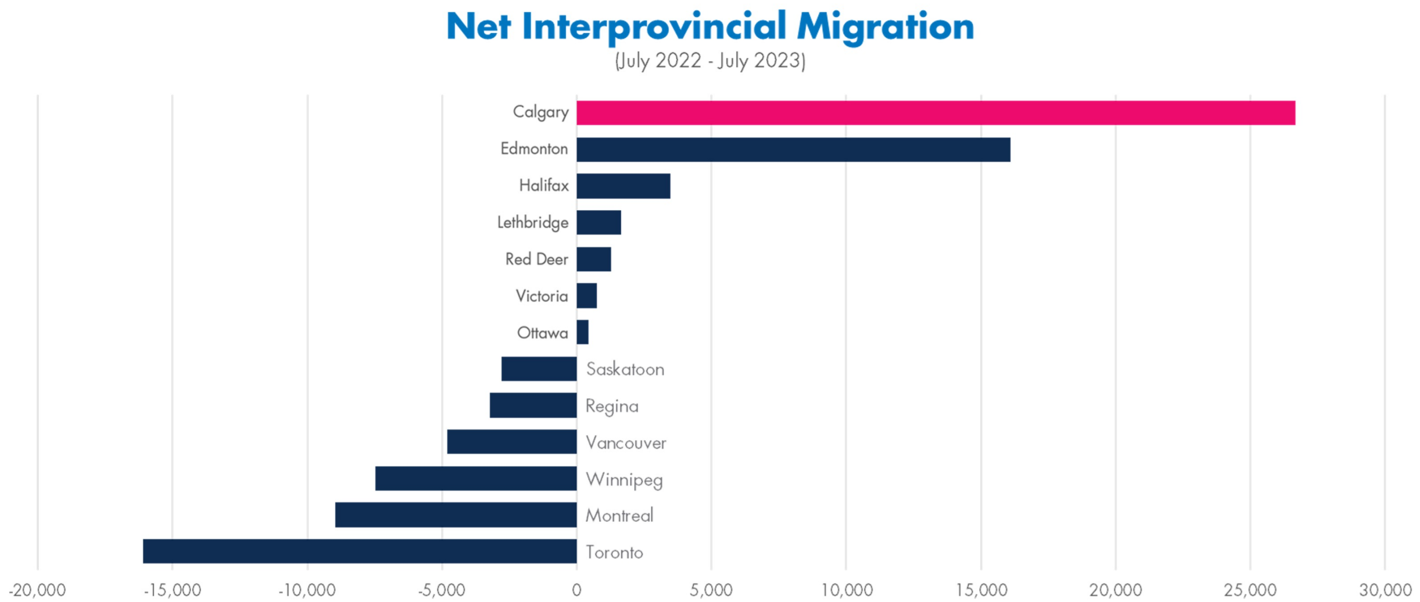
Calgary Chamber of Commerce
June 2024

Our challenge

The Calgary Chamber knows that for our economy to flourish, Calgarians must be set up for success. To further support Calgary's growing economy and workforce, we need appropriate and affordable housing available across the city. With affordability having long been part of Calgary's competitive advantage compared to other major Canadian cities, governments must address the housing crisis to ensure our businesses have the labour force to continue growing.

HOUSING DEMAND

The demand for housing is skyrocketing. As Calgary continues to lead population growth across the country at six per cent this past year – reflecting 96,000 new residents in the last year alone – the demand for housing is also increasing. The Canadian Mortgage and Housing Corporation (CMHC) projects that to restore housing affordability to 2005 benchmark rates, Canada will need to produce 3.5 million units over our expected baseline by 2030. This will require current homebuilding rates to nearly double; however, builders currently face major hurdles to achieve this massively expanded growth rate – they require labour, materials, access to financing and land, all of which have become more costly and less available.

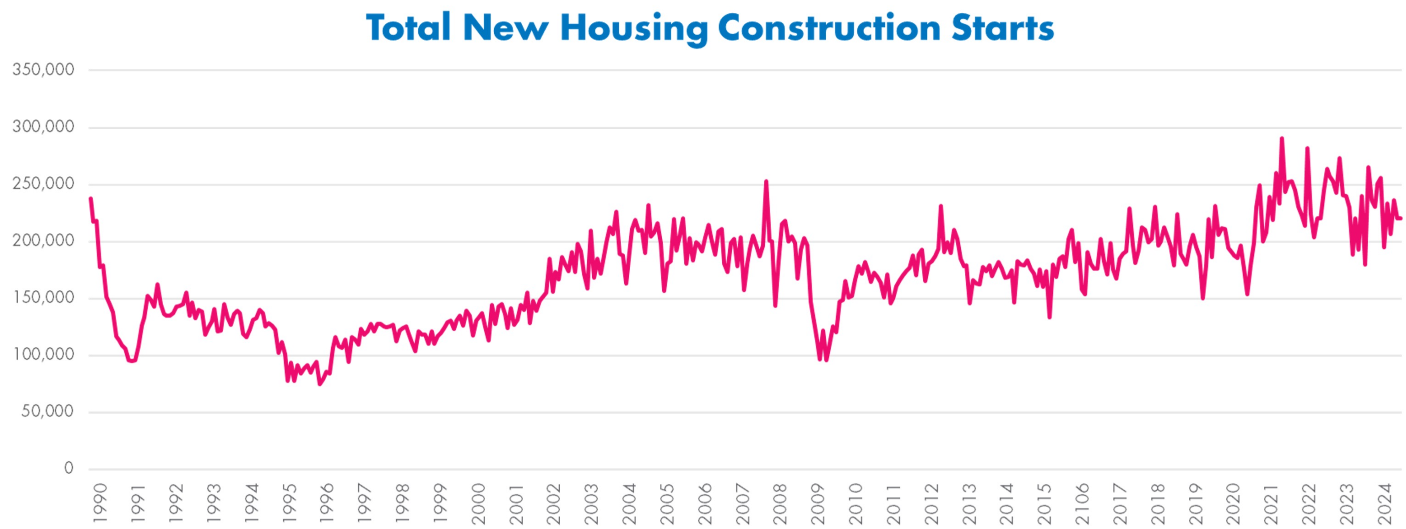


Source: Statistics Canada Table 17-10-0149-01

To restore housing affordability to 2005 benchmark rates, Canada will need to produce 3.5 million units over our expected baseline by 2030.

HOUSING SUPPLY

At the same time, the supply of housing is only marginally increasing. The number of housing starts across the country has been fairly flat over the past two decades, despite a surge in population. In April 2023, approximately 240,000 units began construction, compared to the nearly 500,000 required to achieve Canada's Housing Plan. Locally, we see this with Calgary's rental market vacancy dropping to 1.4 per cent in October 2023, down from 4.9 per cent in October 2021. Home sales in Calgary dropped in May – precisely because of the drop in affordably priced housing units.



Source: Canadian Mortgage Housing Corporation New Housing Starts

The shortage of construction workers is further exacerbating the issue of supply: RBC Assistant Chief Economist Robert Hogue says Canada would need more than 500,000 additional construction workers to build the homes our country needs by 2030 – which represents an increase of over 30 per cent. In addition to this required increase in labour, the Canadian Home Builders' Association (CHBA) has estimated that 22 percent of residential construction workers are set to retire over the next decade. Calgary's construction businesses are already facing labour concerns with 72 per cent of firms citing labour related obstacles as an ongoing concern. A recent roundtable hosted by the Calgary Chamber with the construction industry confirmed the labour challenges companies are facing in the city.

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COST OF HOUSING

With demand for housing outpacing supply, the cost of real estate has increased dramatically. Currently, one in five households in Calgary are unable to afford where they live – representing 84,600 households who spend more than 30 per cent of their income on housing. The median cost to buy a detached home has increased in Calgary by 37 per cent in the last three years; for Calgarians looking to buy a detached home in 2023, the median annual household income required is $156,000. An annual household income of $84,000 is needed to rent, up 25 per cent from $67,000 in 2022.

To address rising costs, governments should focus on supply by spurring more housing starts, through direct supports, training of tradespeople, and a reduction in red tape and bureaucratic burden for developers and financial incentives. We need a greatly expanded and productive workforce in trades and construction-related labour. By supporting targeted immigration streams, credentialing and re-credentialing, post-secondary institutions and trades programs, we can ensure home builders have a strong, innovative and productive work force.

Governments are starting to address some of these concerns: Canada launched the Housing Plan, including the federal Housing Accelerator Fund, which has announced recent investments in municipalities across the country with promises to jumpstart significant housing starts, Alberta's *Budget 2024* has announced an additional $21 million to support 48 affordable housing providers across the province and the City of Calgary's recent city-wide rezoning will alleviate some of the regulatory burden on developing further housing stock. However, critical gaps remain.

Recommendations

To effectively address the housing crisis, ensuring our economy can continue to grow and seize the many opportunities before us, all orders of government must collaborate on policy solutions that alleviate both supply and demand side concerns, and mitigate unintended consequences. We want to underscore that closing this gap also requires investment in transportation infrastructure. Without the ability to connect citizens to efficient modes of transportation options to access their workplaces, affordable housing that is effectively unconnected becomes unaffordable. In light of all this, the Calgary Chamber of Commerce forwards the following recommendations.

FEDERAL

Funding Programs

Prioritize the expansion of housing starts across the country through direct funding programs, such as the Housing Accelerator Fund. Target municipalities with high housing need and incentivize builders to produce higher density projects. We also encourage the federal government to reduce red tape and avoid creating narrow constraints or conditions, ensuring funding moves quickly to provide certainty for project proponents. Provide additional funding support for critical and enabling infrastructure, such as transit, connectivity and utilities, near future housing developments to reduce the cost burden on developers and municipalities.

Innovative Construction

Encourage the development and adoption of innovation in the construction industry through new building techniques and technologies that will increase productivity and efficiency in housing construction. Supporting business that deploy prefabricated, modular or manufactured housing and make use of innovative materials such as mass timber can drive productivity in our construction sector. Provide direct support through grants, tax incentives or other programs, for innovative home builders and materials developers to decrease the cost of construction.

Supply Chains

Bolster supply chains to ensure that across the country, builders have timely access to the materials needed to accelerate production. Given the industry relies on work occurring in a specific order, seemingly minor supply chain challenges can hold up projects for extended periods of time. Investments in ports, rail terminals and aviation hubs, and working collaboratively – or even proactively – to minimize labour disruptions, will help boost the resilience of our supply chains.

Social Housing

Provide direct financial support for non-market housing, striving to double current supply. In 2023, Scotiabank showed Canada must double our current stock of social housing. By investing in increased non-market housing units, and developing public-private partnerships where feasible, pressure can be alleviated across the housing spectrum.

Credentialling

Support interprovincial and international credentialing to increase the available talent and skilled labour pool. By increasing the number of credentialed workers, input costs will decrease and the number of homes that can be developed will increase due to greater capacity.

PROVINCIAL

Red Tape Reduction

The provincial government must reduce red tape and bureaucratic burdens for entities looking to access key federal funding programs, such as the Housing Accelerator Fund, in order to reduce the investments required by municipal and provincial governments. Creating barriers may lead to municipal entities in Alberta missing out on the federal financial supports needed to accelerate housing starts.

Training

Increasing the number of seats in key programs such as Schools of Construction in post secondary institutions, knowing demand for trades programs significantly exceeds capacity, with some programs reaching capacity hours after they open. To urgently address gaps and accelerate training opportunities, look at increasing the number of apprentices that can be trained by a journeyperson to exceed 2:1 where feasible. Alberta's world-class post-secondary institutions can help meet the demand for skilled labour, however, they require strong provincial support to do so. Further, support international and interprovincial migrants with expertise in construction to transfer their credentials. We strongly suggest further expanding the dual credit program in high schools across the province, beyond the additional funding that was announced in April.

Immigration

Create a dedicated immigration stream for credentialed tradespeople. Similar to the dedicated immigration stream for Tourism and Hospitality, the Government of Alberta should create a stream to support construction businesses. Further, to ensure adaptability and future flexibility in the immigration system, sector-specific nominee programs should sunset or be reviewed after five years.

Zoning

Support municipalities in their efforts to ease zoning restrictions in key areas. Increasing density in cities, particularly near transit, and diversifying the types of housing being built will make more productive use of the limited land in cities. Recognizing the value of increased density where appropriate, while simultaneously increasing investment in key infrastructure such as schools, roads and green spaces, will be key to increasing available housing. Further, densification can support local businesses, as businesses thrive in more populated areas.

Building Codes

In partnership with federal and municipal governments, and the business community, harmonize building codes and reduce the regulatory burden on new builds. Prioritize efficient projects with fast turnaround times to develop more housing stock faster, especially in areas that may be underdeveloped.

Social Housing

In partnership with federal and municipal governments and non-profit housing providers, expand non-market social housing stock to support vulnerable people and alleviate pressure on the housing market. Exempting property tax for non-profit housing is an important step forward in improving the affordability of these homes. Further, invest in current social housing units to avoid long-term higher maintenance and repair costs, and ensure dignity for current residents.

MUNICIPAL

Lowering Costs & Bureaucratic Burden

Lower the direct and indirect cost of building new housing by decreasing government charges on new developments where appropriate. Accelerate approval timelines for new developments, ensuring developers waiting for approval can pursue and complete projects in a timely manner. Implement efficient and innovative technologies for inspections to cut down on timelines, such as virtual inspections, which were used effectively during the COVID-19 pandemic.

Zoning

To attract and retain talented workers in our cities, we must support the construction of appropriately dense and vibrant communities. The City of Calgary's recently passed rezoning policy supports the need for greater density where appropriate, but ensuring transportation and infrastructure are appropriately supported will be key in the success of increasingly dense neighbourhoods and business communities.

Social Housing

Provide ongoing financial support for non-market housing providers to alleviate pressures on market housing and accelerate the approval of development permits for buildings that include affordable housing. The City of Calgary's property tax exemption for non-profit organizations, such as those providing affordable housing, is critical to ensuring affordability of non-market housing. Further, deploy funding to maintain and refurbish social housing units where necessary, to avoid higher costs long term and ensure dignity for current residents. We also recommend working with private capital providers to accelerate these developments.

Building Conversions

Expand our current housing stock by converting non-residential buildings to residential and incentivizing the construction of secondary suites. Include greater incentives including a fast-track program for conversions that include affordable housing.

Conclusion

To ensure businesses can grow and scale with the employees they need, housing affordability must be addressed. All orders of government must collaborate and meaningfully engage with businesses and key partners to ensure housing is accessible for all Canadians. We urge all orders of government to pursue the above recommendations and engage with businesses, non-profits, post-secondary institutions and Canadians to seek cost-effective, timely and efficient solutions to the increasingly dire housing situation.

Better Together.

The Calgary Chamber exists to help businesses reach their potential. As the convenor and catalyst for a vibrant, inclusive and prosperous business community, the Chamber works to build strength and resilience among its members and position Calgary as a magnet for talent, diversification and opportunity. As an independent, non-profit, non-partisan organization founded in 1891, we build on our history to serve and advocate for businesses of all sizes, in all sectors across the city.

Calgary Chamber

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