

Title: Thursday, October 4, 2007 Managing Growth Pressures

Date: 07/10/04

Time: 9:30 a.m.

[Mr. Dunford in the chair]

The Chair: Okay. It's 9:30. I'm going to call the meeting to order. Quorum is present. I'd like to say welcome to all of the members and to the staff and, of course, the presenters that are currently in the room.

It's a real pleasure to welcome Dr. Raj Pannu, who's sitting in for Ray Martin. Welcome, Raj. We'll give you an opportunity to introduce yourself here in a minute. Through the Standing Orders Mr. Martin had made the request for a substitution, so it's officially recognized.

I want to thank everyone for their participation in the process. Today's going to be tight in the sense that we have presenters already in the room, and we've sent out instructions that the people that are on deck will be in the room waiting. So we would ask the co-operation of everyone present. There's not going to be a lot of time for networking after the presentations.

Also, I want to indicate to the presenters, while you are here, that we're only allowing 30 minutes for the presentation, and I would ask for your co-operation in allowing some time then for members to ask questions. If we haven't had all of the speakers list dealt with by the time we get to the end of your allotted time, we will do what is normal with legislative committees: we'll just have the members read their questions into the record, and then you would be expected to answer those questions in writing back to the chair. We'll have to put a time limit for your response as well.

Okay. Now, we should begin by having all of the committee members and staff at the table introduce themselves for the record. I'm Clint Dunford, MLA, Lethbridge-West.

Dr. B. Miller: Bruce Miller, MLA for Edmonton-Glenora.

Mr. Herard: Denis Herard, Calgary-Egmont. Welcome.

Dr. Massolin: Good morning. Philip Massolin, committee research co-ordinator, Legislative Assembly Office.

Ms Dean: Shannon Dean, Senior Parliamentary Counsel.

Ms Roth von Szepesbela: Good morning. Katrin Roth von Szepesbela, legal research officer, Legislative Assembly Office.

Dr. Pannu: Raj Pannu, MLA for Edmonton-Strathcona, substituting for Ray Martin at his request.

Mr. Prins: Good morning. Ray Prins, MLA for Lacombe-Ponoka.

Mrs. Dacyshyn: Good morning. Corinne Dacyshyn, committee clerk.

The Chair: All right. Thank you.

Shannon, did you want to take a minute and introduce Katrin a little further?

Ms Dean: Thank you, Mr. Chairman. I'd like to introduce a new staff member, Katrin, will be working with Rob and myself in the Parliamentary Counsel office, but her immediate priority will be assisting Philip with the work of the policy field committees. So she will be working with you closely over the next few weeks as you pursue your mandate.

Katrin is a graduate of the University of Manitoba law school, and

she comes most recently from the Department of Environment, where she was working.

Thank you.

The Chair: All right. We need approval of the agenda. The agenda was electronically circulated. I would now entertain any requests for additions. Seeing none, I look for a motion to approve. Ray Prins. All in favour? Opposed? Carried.

Minutes were circulated as well. I would ask if there are any additions or deletions to the minutes. I look for a motion for the approval of the minutes. Denis Herard. All those in favour? Opposed? Carried.

Okay. Now, we have the presentation from the stakeholders, and we'll ask for introductions in a moment. I will give you, Bob, the full 30 minutes. We've taken up five minutes here with business. We'll try and catch that up later. Okay. Please proceed.

Alberta Urban Municipalities Association

Mr. Hawkesworth: Well, thank you very much, Mr. Chairman and members of the committee. We very much appreciate being here this morning and being invited to present to the committee. I'm joined this morning by Alberta Urban Municipalities Association CEO John McGowan, who will help me walk through the presentation with you and then be available with me here as we take questions from the committee.

Maybe what I could begin by doing is just explaining what you have in your presentation package in front of you. There's, first of all, the PowerPoint, which I'll go through, but there are some documents at the back which give much more detailed information. The first is our AUMA policy statement on municipal and social infrastructure. AUMA created this out of the resolutions that came to us at our convention last year as well as other policy work that had previously been approved by convention. So we sort of put it into a narrative form for you.

Then, appendix 1 is the actual specific resolutions that were adopted at our convention last year that are relevant to the discussion here this morning, I believe.

The last document in front of you is Affordable Housing Initiative: Analysis and Recommendations, dated August 24, 2007. It was approved by our board of directors and submitted as part of a package to the Minister of Municipal Affairs and Housing along with our recommendations on the municipal sustainability initiative. There was a package of documents that we filed with the minister at the time in terms of the affordable housing; that's attached for you. As you're going through these documents this morning, if you have some questions for me about them, please feel free to raise them with me.

All of you, I know, are familiar with the AUMA. We represent all the urban municipalities in Alberta: cities, towns, villages, specialized municipalities. Eight-five per cent of Alberta's population live in communities represented by AUMA. We're over a hundred years old as an association, as old as the province, and we advocate for urban municipalities. Our focus is on solutions. So I'm hoping that today we'll be presenting to you some ideas, positive solutions to address this important issue.

We really appreciate that the standing committee has picked affordable housing for your work and review. We're very supportive of that. We've been advocating around affordable housing for some time now, well over a decade, or close to a decade, certainly. We launched a president's summit in 2000 because we wanted to draw attention to what we saw as a growing problem in our province and throughout the 2000s have been consistently bringing forward

presentations to our convention and to government. The provincial focus on affordable housing is very much welcomed by AUMA, and we would like to also express our appreciation to Premier Stelmach for having in his own way put this high on the government's agenda.

Our board reviewed this issue most recently in August, so I'm going to give you what is the most recent view of our board. That was the document entitled Affordable Housing Initiative: Analysis and Recommendations, in the back of your package.

You will recall that when this budget was tabled – the province tabled its budget earlier in the spring – the AUMA expressed a great deal of concern that it was sending a signal that responsibility for affordable housing was being loaded off onto the municipal sector because it fell under the municipal sustainability initiative. So one of the points that we've been raising with government since that budget was announced was: we welcome the funding; we welcome the priority that is being given to it; please don't make us fully responsible for addressing this issue in our communities. The province and the Premier and the minister just the last week or so with their announcements around funding allocations for the municipal sustainability initiative have made it abundantly clear that affordable housing is going to be dealt with separately from the municipal sustainability initiative, and we are very appreciative of that.

9:40

We also within the document applauded the work of the Alberta Affordable Housing Task Force, the extensive work that was done and extensive recommendations in that task force report. We understand some of the controversy around rent controls and condo conversions, on which our association has not taken any positions at our convention and which we do not wish to at this point address. We understand that the province has taken on some of those recommendations, quite a number of them, has accepted them. There's a lot of work to be done by accepting those recommendations, and we applaud you for doing that and ask you to proceed with implementing them.

We have consistently said that the national government has a role and responsibility here as well. We would happily join with the province of Alberta in advocating for additional resources from the federal government in order to fund a national housing program. We once upon a time had those, and when those funds dried up, it seemed that provinces across the country stepped away from addressing the issue in their jurisdictions. We would be willing to work with the province to address a long-term plan at the national level.

Our final recommendation at the AUMA board from August was that once the framework is set here in the province, we will be more than happy to work with you and help deliver and implement a provincial program here in our province. We just want to make sure that it's understood that we see the provincial role here and provincial resources. We understand that as municipalities we have some key roles to play as well. Once the framework and direction are set, we're committed to working with you in doing our part.

There are a number of recommendations that we've adopted over the years about what that role might be. We do believe that our role at the municipal level – and you can find this in the documents that we're going to leave with you. We have responsibilities around land use and planning. We have responsibilities around identifying critical needs in our communities. So for a provincial program to work effectively, the solution in Fort McMurray might be different than the one in Red Deer or Lethbridge or Calgary or Edmonton. Each of those community leaders and municipal councils, their responsibility is to develop the projects and the framework and get

it applied in their community and work with the province in delivering programs in their community.

In conclusion, Mr. Chairman – I want to make sure that I leave lots of time, as much as possible, for questions – we are of the view that the federal/provincial governments are responsible for the leadership and setting the framework and the context. Municipalities are agents and partners in delivering those programs within our resources and ability to do so. As you understand, the solutions may be different, and you may see a different solution as community needs are different in each municipality. We will be more than happy to play a constructive role with you, and we have a responsibility to support and advocate for our community in delivering affordable housing solutions in Alberta.

In summary, Mr. Chairman, I think we've come a long way with the affordable housing programs that were announced in this year's budget, and I think that with the direction we're getting from the province, we understand that some solutions are being developed and that municipal governments are quite prepared to play a role in helping create those solutions in each of our communities.

We really appreciate the opportunity to be here, Mr. Chairman. Thank you for having us. I'd turn the floor over to you and your committee members.

The Chair: Well, thank you, Bob, very much for your conciseness.

I have some business that I did neglect, and this would be a good opportunity for other members that didn't have an opportunity to identify themselves. Dave, do you want to begin, please?

Mr. Rodney: Yes. Good morning. Good to see you again, sir. Welcome. Dave Rodney, Calgary-Lougheed.

Mr. Doerksen: I'm Victor Doerksen from Red Deer-South.

Mr. Hawkesworth: Yes. Good to see you both.

The Chair: Just a couple of things. I've been asked to make sure that everyone understands that their cellphones or their BlackBerrys are turned off. Also, don't leave the BlackBerrys on the desk because the vibration is going to be picked up, and we'll have trouble getting all of the comments into *Hansard*. Again, members know this, but for the benefit of presenters, you don't have to deal at all with the switch on the microphones. The *Hansard* people will take care of that for us.

I should also explain that the deputy chair is absent because of a very dire family situation and will not be with us today.

Now, questions. I'll look for members that might have questions.

Mr. Herard: Thank you very much for your presentation and for giving us that information in the appendix that we can look over a little later.

One thing that I would like to know if possible. You know, there's been some time that has elapsed since the committee did its work with respect to affordable housing. I'd like to know if in your experience you've seen some changes with respect to our current condition with respect to affordable housing in this province, whether or not you've seen the private sector – apartment owners, whatever – get on board and help with this situation. I realize you don't have a crystal ball, but based on what is currently going on in this province, have you seen an increase or a decrease, in your opinion, of the problem as we go forward?

Mr. Hawkesworth: Well, thank you very much, Mr. Herard. The solutions I'd be most familiar with would be those of my own city

council, so I don't know that I could speak with the same familiarity for the rest of the province. I know that with the funding that was allocated to the city of Calgary, our council took a portion of those funds and has made an agreement with the Calgary Apartment Association for 1,000 rent supplements because that has an immediate impact. That's made 1,000 private-sector units more affordable. That was something urgent, something immediate, something that you can take from the funds that were approved in this year's budget to an agreement that's been signed and a program delivered in our community. I'm not sure what other municipalities are doing, but I suspect that we are going to be getting information and seeing solutions somewhat similar to that as they finalize their agreement with the province.

9:50

Mr. Herard: A supplementary, Mr. Chairman. With respect to the city of Calgary have you seen an increase in building permits for apartments as compared to condos and affordable housing?

Mr. Hawkesworth: It might be a little early for that. Of course, with the growth, which is what this committee is responsible for looking at, my sense is that with supply and demand, as more and more people are coming into our province, if the supply remains where it's at as demand comes in, the prices are going to rise, and we've been seeing that. So we need to address the demand side with additional units.

Mr. Herard: Thank you.

The Chair: Okay.

Bruce Miller, followed by Vic Doerksen.

Dr. B. Miller: Thank you, Mr. Chairman. I would like to ask a question. I was part of the task force on affordable housing, and your presentation to our task force was very good and had a number of specific issues that I need to ask you about because it's not in your presentation now. One of them, which we are really concerned about, is the MGA and whether the MGA should be changed or amended to help municipalities build affordable housing. Specifically, your recommendation to our task force was that the MGA be amended to implement inclusionary zoning. The inclusionary zoning has been a part of other efforts, especially in B.C., in Vancouver, for example – you actually mentioned that as an example – and also the ability to offer density bonuses to builders to encourage them as an incentive to build affordable housing in our cities. So that's one area that I'd like to hear your opinion on.

The other is a concern that we brought up already in our committee, and that is secondary suites. That doesn't have to do with the MGA so much as building codes. I'm wondering whether you're still of the opinion that our present building codes, covered by provincial legislation, are really an impediment to cities proceeding with secondary suites and encouraging communities to be involved in secondary suites.

Mr. Hawkesworth: Well, first of all, yes, it's been a position of our convention that the Municipal Government Act be changed in order to allow inclusionary zoning and other initiatives that councils could use to get affordable housing in their communities. That's our policy, that's our position, and that's part of the package that you'll find attached to the PowerPoint presentation.

I think the point I was trying to make this morning – and maybe I need to reiterate it – was that in supporting the government's acceptance of the recommendations of the task force, in doing that,

there's a lot of work to be done, so we're encouraging government to move forward with implementing that. We will continue to advocate for the positions that have been adopted by our convention, including a national housing plan and additional funding for FCSS and those other support services that are required, as well as for changes to the Municipal Government Act. So please don't interpret from our presentation today that we've dropped it or that that's no longer our position or policy as an association.

The issue of secondary suites. Again, it's been a few years now since the MLA report. Our board did accept those recommendations and supports them. We do understand the sensitivity that occurs in a municipality to take R-1 areas and, you know, allow secondary suites into single-family residential areas, but we also know that there are many areas in our towns and cities that are zoned for legal secondary suites and that our members should be taking steps to encourage legal secondary suites.

In partial answer to I think Mr. Herard's earlier question, one of the programs the city of Calgary is looking at in using the provincial funding in our agreement with the province is establishing some sort of an incentive program for owners of property who want to create legal secondary suites, that they could get some financial help and in exchange sign a rental agreement for a 20-year period.

Dr. B. Miller: Okay.

The Chair: Good. Thank you.

Mr. Doerksen: Hey, Bob. I'm going to give you an opportunity to elaborate a little further on one of the comments you made earlier because I find the AUMA position a little bit schizophrenic on the issue of responsibility for affordable housing within their communities. I mean, what I hear as a provincial representative from municipalities is: "Give us money. We have all these problems in our jurisdictions. We have unique problems. We don't want you to tell us what to do in our own municipalities, our own jurisdictions because they're unique. Send us all this money, but don't make us responsible." I have a lot of trouble following that particular argument. I do agree that the province has a role to play. I believe it happens to be providing some fiscal resources, but once those are provided, frankly, I think this is a responsibility best left in the hands of municipalities because they understand their unique situations better than us. So I do find your position schizophrenic.

There was a presentation made – I don't think it was by the AUMA, but it certainly was by your members – a number of years ago on the issue of homelessness. It's not that long ago. I think they came to our standing policy committee and said: give us 20 million bucks, and that's all we'll need. Right? Well, you've got a lot more than that now. I just would like some explanation.

Mr. Hawkesworth: Okay. Very good, and thank you for that. Let me start with what we want to avoid. I think this is maybe the key point. This is a big issue – we understand that – and it's an expensive issue to address. If we say that we're happy to take on this problem in our community, we have visions of, with that, being tagged with the full responsibility in the cost of addressing it. The downloading, the off-loading of an additional responsibility onto our shoulders is something that we want to avoid.

We don't want to give you a signal that we're now affordable housing solutions responsible and you can say: "Oh, good. Well, go see your local council. They'll solve your problems for you." But at the same time we want you to understand that we see that there's a role for us. We have lands. We have approval processes. We have resources. We have lots of assets that we can bring to the table.

Provided that you set the framework and set the context and accept the responsibility that housing is a provincial mandate and that the resources will be there that will be adequate to the need, then we're here at the table with you to be a partner to help find those solutions community by community.

Now, I hope that doesn't sound schizophrenic.

Mr. Doerksen: Well, you haven't convinced me.

Mr. Hawkesworth: I may not have convinced you. Okay.

Mr. Doerksen: Okay. Fair enough. Thank you.

The Chair: Just for the members we have six more minutes of back and forth, and we have three on the list. It's Raj, followed by Dave Rodney and then Ray Prins.

Go ahead, Raj.

Dr. Pannu: Thank you, Mr. Chairman. Welcome, Bob.

Mr. Hawkesworth: Thank you.

10:00

Dr. Pannu: I must say that you bring to your position of presidency of the AUMA a great deal of experience both as a member of the Assembly of this province for eight years, more or less, from 1986 to '93, and then you've been, of course, directly involved at the municipal level for many years. I very much appreciate the calm consideration and deliberation that you bring to your presentation.

I must, Mr. Chairman, express my little bit of nervousness about the whole issue. I'm not totally familiar with the debate, but I have been receiving some phone calls in my constituency office from people who draw attention to the partial failure of the affordable housing policy in relation to the conversion of rental apartments to condos putting lots of people in difficulty, and I've had to make representations through my office on behalf of these people who have called my office. Is this a continuing problem across the province? What modifications would you propose are needed in order to mitigate if not eliminate the problem of this conversion in spite of the policy in place, which seems to discourage such conversions but is unable to effectively achieve the result?

Mr. Hawkesworth: Well, thank you, first of all, for your kind comments.

In terms of condo conversions I don't believe our association has taken a policy position on it. I think I understand that the issue is that as units in the rental market get taken out of rental into ownership, it reduces the supply of rental accommodation, and as demand is continuing to increase for those units, with supply and demand the prices for those rental units continue to climb. But in terms of any recommendations we've made to the province about condo conversions, I don't believe we've taken a position, so I'm really not able to offer much in the way of an association's policy position for you today. I'm sorry.

The Chair: Dave Rodney.

Mr. Rodney: Thank you very much, Mr. Chair, and thank you, Bob, for being here today. On the heels of the last two colleagues of mine, I'll just say this: I found your presentation and your documentation to be very friendly, and I want to commend you on your style and your content.

Mr. Hawkesworth: Well, thank you.

Mr. Rodney: Yesterday it was somewhat friendly at the University of Calgary when there was a panel discussion on affordable housing for students at the U of C and students in general across the province but especially in Calgary. The deputy chair of this committee was there. Minister Fritz was excellent at enunciating the government position. There were other representatives, including one of your colleagues from council and a student, and I just want to share what the student had to say. It's in reference to your statement of principles, guiding principle 1, that municipal governments "must have the fiscal capacity to fulfill their mandate through . . ." and it goes on to principle 2, about federal and provincial governments. But I'll tell you: the consensus from everyone at the table, it seemed, was that it was the responsibility of all stakeholders. Okay?

One simple example that we don't have time to go into in detail was about whether or not perhaps the taxes could be dropped on student residences and/or who might cover them. Was the province supposed to pay the city? Could the city afford to drop them? Et cetera. I'm not going to ask you for your opinion on that. I'll simply say that in the spirit of today's presentation and yesterday's panel discussion, I look forward to working with my colleagues and your colleagues and you on solving this because especially from the students: "Look, the local folks know how to help us the most. It's got to be funded, but we need to agree, and we need to get it done." There was special deference paid to city councils, that they are the closest to it. They can help.

This is a statement, not a question. It's just about partnership and looking forward to working with you.

But on to the next speaker.

The Chair: That's excellent.

It happens to be 10:05, so now we'll go around the table. Do any members want to read a question into the record? The people from AUMA will respond in writing.

Dr. B. Miller: Just another point. I realize that people don't have your previous presentation to that task force available to them, but you suggested that tax incentives should be provided for builders to build affordable housing, not just federal tax incentives but provincial. I'm just not really sure what that would look like. What kind of tax incentives? I can understand waiving the property tax at the municipal level for a builder for, say, 30 years to build affordable housing with some sort of deal that the affordable housing actually is provided. We don't want to have happen what happened in Red Deer with Monarch housing, where suddenly it's not affordable housing anymore. I think that's an area that we should work on, but I'm not really sure what that should look like.

The Chair: Okay. Ray Prins.

Mr. Prins: Thank you, Mr. Chair. I want to also acknowledge your excellent presentation. I think that if we want to acknowledge that this is a critical issue, homelessness and affordable housing for people, we have to look around at other jurisdictions and see what they're doing. There are many large cities around the world that have these problems as well. I've been to lots of them, and they don't have the actual sizes of houses and the number of houses that have very low density occupation. Notwithstanding building codes and zoning issues, what in your mind would be the quickest and cheapest way to immediately utilize existing space in these cities? I just look at Vancouver and see what they've been doing. I think we could look around outside our own province to see what's being done. If this is critical and we need immediate solutions, what are they?

The Chair: Okay. Thank you.

George Rogers. George, you should introduce yourself for the record.

Mr. Rogers: Thank you, Mr. Chairman. George Rogers, Member for Leduc-Beaumont-Devon.

Alderman Hawkesworth, my apologies that I couldn't be here to hear your presentation. Nonetheless, just from comments from my colleagues it sounded like it was as we would expect from you and the AUMA. I just want to thank you for your commitment to working with us as a government to find the solution. I know that when good people put their heads together with some sincerity, we will find a viable solution to this. I just want to thank you for that. Again my apologies for missing your presentation.

Mr. Hawkesworth: It's great to see you.

The Chair: Okay. Thank you very much, Bob and John. We'll see how quickly we can get people to switch seats. Thank you very much.

Mr. Hawkesworth: Thank you very much. We send responses to Corinne?

The Chair: To Corinne, yes. Thank you very much.

Mr. Hawkesworth: Thank you again very much for the opportunity to be with you.

The Chair: Okay. Thank you.

Don, do you want to bring your group forward quickly, please. Okay. If you'd introduce yourself, my friend, and the folks that are with you, then you can immediately move into it, please.

Alberta Association of Municipal Districts and Counties

Mr. Johnson: Okay, Mr. Chairman. Thank you very much. My name is Don Johnson. I'm president of the Alberta Association of Alberta Municipal Districts and Counties. I'm a councillor in the municipal district of Taber, in southern Alberta. Greetings to you all this morning.

I have with me on my right Mary Ann Eckstrom, who's a councillor from the county of Grande Prairie. Mary Ann was also a member of the Affordable Housing Task Force and was our representative on that task force. As well, she's the president of the Family and Community Support Services Association of Alberta. We sat on that board together for a number of years and felt it appropriate to have her come and join me this morning.

As well, I have Gerald Rhodes, who's the executive director of our provincial association and will run the PowerPoint for us this morning.

The Chair: Okay. You understand that we have a total of 30 minutes. If the PowerPoint presentation can be concise, that'll give time for members to ask questions. Whatever questions they haven't been able to ask in the allotted time will be read into the record, and your organization will provide written answers, then, to Corinne. We'll proceed from there.

10:10

Mr. Johnson: Thank you very much, Mr. Chairman. I'll begin and make some comments, and Mary Ann will add a couple of comments. I'll conclude, and then we'll get into questions and answers if we may.

Good morning again and thank you for inviting us to speak to you today regarding affordable housing in a perspective from rural Alberta. I'll begin with a quick overview of our association. AAMD and C represents 68 municipal districts and counties throughout the province of Alberta. Our vision is to be a progressive association of elected rural councils representing the interests of rural Albertans and committed to excellence in meeting the diverse and challenging needs of our members. Further to this, our mission is to assist rural municipalities to achieve strong and effective local government. We feel that affordable housing is an important issue for all of Alberta, including rural areas. As such, we're here to illustrate that importance to you and provide some recommendations and some background, a little bit of context.

It's clear that affordable housing is a significant issue for Alberta and is compounded by a number of factors. Our booming economy: prosperity has many benefits, but one of the costs is a decrease in affordable housing. With population growth comes an increased economic activity that means that many people, from laborers to skilled professionals, are moving to Alberta. Urban sprawl: without well-planned growth urban centres expand geographically, and the land in or around these urban areas increases in value. This means that land becomes less affordable. Condo conversion: as landowners see the opportunity to convert apartments to condominiums, since many have the means and desires to own their own homes, the availability of affordable rental properties decreases. Unfortunately, there is a large section of people that do not have the means to own a home in this inflated economy. For example, our population is aging, but many seniors live on fixed incomes and cannot afford to buy into condo conversions.

Finally, under municipal issues: zoning, permits, and densities have an effect on affordable housing availability as private-sector businesses and developers understandably seek to maximize profit, and municipalities have the most effective means of encouraging affordable housing initiatives through land-use bylaws.

The result of this housing shortage is unprecedented rental rate increases with growing wait-lists for subsidized housing, all-time low vacancy rates, and rapidly escalating ownership costs. This is a key area for us. If the affordable housing situation in rural Alberta is not remedied, it will exacerbate the urban situation, so it does have an impact that's directly correlated. It's important to note that in the context of affordable housing rural Alberta should include municipal districts and counties. Also, when we talk about the definition of rural, it varies across the country, but we really consider small towns and villages as part of that rural context, not a definition necessarily between AUMA and AAMD and C, because we work effectively with our colleagues in the AUMA as well. But when we're talking about that rural area, we're talking about the outlying smaller communities. The challenges facing counties and MDs are inherently similar to those of small towns and villages.

To address the issues in rural Alberta, we must first understand the reality. In 2006 the overall vacancy rate in rural Alberta was only 1.4 per cent. That may be surprising to some. In 2006 the Royal Bank of Canada reported that home prices in Calgary rose somewhere between 50 and 60 per cent; in Edmonton the increase was approximately 40 per cent. The problem was not confined to the major urban centres, however, as the average increase across the province was 13.3 per cent. Despite all of this, the number of subsidized housing units has remained fairly constant over the past five years at approximately 17,000. This comes right out of the Affordable Housing Task Force. Estimates indicate that this is vastly lower than the need now and in the future.

To compound the issues of affordable housing, a major demographic that accesses affordable housing, seniors – this is a real issue

for us and in rural Alberta – is growing. Estimates indicate that the number of seniors will increase by approximately 165,000 by 2016. Some of us are getting close to that. Not only do many seniors require affordable housing. Their fixed incomes demand a lower cost of living overall. Clearly, as these numbers would indicate, affordable housing is not only an urban issue. Of course, urban centre pressures must be addressed in their own accord; however, it would be shortsighted to ignore the rural reality. Again, we either fix the problems in rural communities, or urban problems will escalate even further.

Before we can find solutions, we must understand the impacts. Rural Alberta is attracting new residents in varying degrees. Some rural areas, even those far removed from metropolitan areas, are seeing significant population increases due to proximity to industry and employment. There is a perception of greater availability of housing and more affordable costs. This leaves many young families, single people, seniors, one-parent families, and widows and widowers to seek rural life as a more affordable alternative. However, these people often overlook the extra costs associated with rural living.

Utilities are often more expensive, and the cost of transportation becomes an issue due to increased need. For example, if a citizen lives 50 kilometres from the services they require, whether it's a doctor, pharmacy, a school, recreational facilities, public transportation is not available. As such, these citizens must not only purchase vehicles but also incur costs of fuel, insurance, and maintenance.

Previously I spoke about perception. Let's be real. Increases in urban property prices are also driving up housing costs in most rural areas. This combined with increased costs of living means that even if housing or land is slightly more affordable, the overall impact to the citizen is not a reduction in expenses.

On the other hand, other rural areas are not experiencing growth because of the shortage of affordable housing. Many municipalities are unable to leverage investment and economic development opportunities due to this shortage. For example, a company will not build an industrial plant if there is nowhere for future workers to live affordably. Likewise, many rural areas are unable to provide services. That speaks to a capacity issue. If teachers, nurses, and pharmacists can't find places to live, educational, medical, pharmaceutical services, programs such as soccer, baseball for kids, those kinds of things: decreased service levels result in a decreasing rural population, that directly impacts municipal sustainability.

One of the things – and, Mr. Prins, you'll be familiar with this – you may be familiar with is Alberta's rural development strategy, *A Place to Grow*. It talks about four pillars for sustainable rural communities: economic growth; community capacity, quality of life, and infrastructure; health care; learning and skill development. It all speaks to the kinds of pressures that we get with affordable housing in those areas. If you don't have copies of it, Ray can make that available to you, I'm sure.

Although the ability to provide services decreases, the need for those services does not disappear. Rather, support agencies like family and community support services experience an increased demand on already strained resources. When FCSS experiences an increase in demand that it cannot satisfy, the increased costs associated with rural living motivate many people, including seniors, to move to where services are easily accessible, usually urban centres. This migration to urban centres places increased demand on an already overburdened urban area to provide affordable housing and essential services. Thus, unless the situation in rural Alberta is addressed, the migration will continue. The result: decreased rural sustainability but also a continual strain on urban centres. In order to achieve the goals identified in the rural development strategy, affordable housing issues must be addressed.

Mrs. Eckstrom: Those are the impacts. They are real, and it should concern you. But with these challenges come opportunities. AAMD and C has solutions to offer. While there are a number of strategies that can be undertaken, the goals are really twofold: provide enhanced incentives and programs to, one, support citizens and, two, increase inventory.

This slide outlines a few strategies to support citizens. They include increasing support for renters and first-time homebuyers, better equipping FCSS to provide assistance, providing increased support for seniors' housing and programs, and increasing housing subsidies for low-income Albertans. I will get into more detail regarding these in a moment.

With respect to addressing the need for more inventory, these are the strategies that we feel could be employed: requiring builders to incorporate affordable housing allotments within developments, encouraging innovative practices for increased inventory, and supporting and working collaboratively with municipalities.

10:20

At this point let me expand on our strategies aimed at citizen support, specifically renters and homebuyers. Although this is mainly an urban issue, I see this as adding to the existing problems. The government of Alberta must quickly address the loophole that is allowing many apartment complexes to be converted to condominiums without the newly implemented one-year notice. This loophole exists based on the original registration of the building. Even if the building has been operating as a rental apartment complex for 20 years, if it was originally registered as a condominium, it can be converted without satisfying the year's notice. Renters rather than being protected are the opposite: very vulnerable.

For first-time homebuyers the government should establish an assistance program that targets young people and those displaced by high housing costs in urban centres. This program could make use of tax breaks. But regardless of their approach it must include an educational component to teach first-time homebuyers how to succeed. It's not enough to put a band-aid on the problem. Again, it must be sustainable.

Another aspect of supporting citizens is better equipping FCSS. Intended or not, this agency is experiencing the fallout from affordable housing shortages. Currently there are legislative barriers that prevent FCSS from directing its funding to where the need is. FCSS is limited to supporting volunteer initiatives and cannot contribute to capital or other operating costs for services such as the handibus. The reality, again, is that handibus operation in rural areas impacts residents, especially seniors, and their ability to stay in rural areas.

Likewise, the FCSS organizations province-wide undoubtedly need more funding to ensure that services and expertise can be used to keep seniors in their homes and rural communities longer. For many seniors a Meals on Wheels program is enough to make independent living a possibility for longer. If rural FCSS units cannot provide these services, those very able seniors will then be forced to seek them elsewhere, often in urban centres where affordable housing is already limited.

I'd like to just go on a little bit more with that. FCSS does not do Meals on Wheels, but on a volunteer basis a lot of our directors will handle the program after hours knowing that it is a need in their community.

Mr. Johnson: Further to this, there must be specific support for seniors in Alberta, and this is a critical area for us. It's well understood that many seniors call rural Alberta home. It's also well understood that age and health issues often limit a senior's ability to

remain independent. It is crucial that the government provide further incentives to keep seniors in their rural communities. It goes back, actually, to Dave Broda's report a number of years ago – you'll remember that – and it talked about the different kinds of solutions for keeping seniors within their own homes.

Municipalities should be encouraged to allow secondary suites through zoning changes. This would allow seniors to live semi-independently while having assistance nearby if required. In remote rural areas lack of readily available assistance is often the only hurdle to independence. Likewise, tax incentives should be provided for caregivers of seniors in rural environments. One such example would be the development of seniors' housing on rural property.

Many people in rural areas are moving towards granny houses for aging relatives. This is when a very modest home is built or moved onto the same yard as the primary caregiver. So rather than grandma having to move into the city to live in an assisted living complex, she can move into a very small home only steps from family. Children can then care for their parents without giving up their own independence.

Tax incentives to encourage these types of arrangements are essential. It makes good sense. It relieves housing and service delivery pressures.

The final aspect of support for citizens comes in the form of subsidies. There should be provincial tax relief programs for fixed- or limited-income homeowners. If this is not possible, it is essential that potential amendments to assessment processes for this demographic be explored. AAMD and C is not advocating for subsidies for all homeowners, nor all renters. Rather, those in circumstances where housing costs exceed 30 per cent of their income and that income is below the defined threshold should qualify for subsidies.

Through subsidies and other forms of support for citizens it is our hope that people will be able to attain home ownership or sustain affordable rental accommodations. On the other end of the spectrum, ensuring that seniors can enjoy independence longer will reduce the strain on affordable housing.

Another aspect of dealing with affordable housing shortage, as outlined earlier, is working to increase inventory through innovative practices. The AAMD and C encourages the government of Alberta to examine tax, grant, and subsidy incentives for private industry to play a bigger role in increasing availability. For example, there should be encouragement for private/public partnerships through incentives such as dollar matching and land donations. Also, the government could work to expedite processes for reclamation of sites, release of provincial surplus land, release of school reserves, sites for affordable housing, and the conversions of vacant health care facilities in rural Alberta for seniors' lodging.

There has been some discussion with Wood Buffalo on some of the challenges there in releasing some land. We think there are other areas of the province that that would apply to as well. The regional municipality of Wood Buffalo is unique but illustrative in that situation. Release of Crown lands in the area has not kept pace with need. The municipality is not granted first right of offer on land when the intended use is for something other than municipal purposes. So if Wood Buffalo wants to use the land for affordable housing, it must then compete with a private developer and be subject to the inflated market.

Finally, the AAMD and C would like to urge the government to work in collaboration with municipalities. The task force made recommendations regarding the use of municipal reserve or changes to off-site levies and zoning. Some of that was referred to in the Minister's Council on Municipal Sustainability report. AAMD and C supports the government's response to these types of recommendations that infringe on municipal jurisdiction. However, the

government should continue to work collaboratively with all types of municipalities – rural, large, and small urbans – to encourage flexible zoning bylaws, density bonuses, and development requirements.

Thank you, gentlemen and ladies, for being able to be here this morning. If there are any questions, we'd be happy to endeavour to answer them. That's why I brought Mary Ann along this morning.

The Chair: Thanks, Don.

Okay. We have about seven minutes for questions and responses, and then we'll have to go to reading in questions from that point. I have four on my list right now: Dave Rodney, Bruce Miller, Ray Prins, Denis Herard.

Mr. Rodney: Thank you, Chair, and thank you to both of you for being here today. Some great ideas in here. Just to let you know where I'm coming from, yes, I represent a very urban area, but I come from rural roots, and I'm very, very sincere in saying that I really need and want our rural areas to thrive.

Now, on the heels of that, I will say this: I did hear you offer a number of suggestions for the provincial government. Government should do this and should do that. I'll take that as encouragement that you are hoping that we'll work together because I heard you say partnership and collaboration, especially near the end. I know that that's what it's going to take.

Lately articles have appeared in papers indicating that rural Alberta prices for real estate are the highest in the country. If we refer directly to your report, I'll just quote a couple of lines: "If the affordable housing situation in rural Alberta is not remedied, the urban situation will only worsen." The next slide estimates the number of seniors and how much it's going up. The next slide talks about increased costs and so on. A couple of slides later you mention what can be done, especially with seniors' housing and programs.

I want to get specific, and I'm going to use a very extreme example because I think it demonstrates a point, and I'd like your reaction to it. In Kamsack, Saskatchewan, they're giving lots away for a buck. I know that it's a very different situation in Saskatchewan. I'm just wondering. You see, the reason they're doing that is because they want people to move there, and they make their money on the taxes after.

I could ask you the question: would you ever consider, especially for affordable housing for seniors, just dropping the taxes? I'm not going to ask you to do that because that's not sustainable. What would your position be? You're saying that you want incentives for people to build and that sort of thing. How about drastically reducing the price of the real estate so that people move there so that you have people there and the place thrives and you continue to collect the taxes, which continues to make it sustainable? What's your thought on that? It can't just be provincial government.

Mr. Johnson: The challenge that you have as a municipality is that often you don't own the land, so we don't control the prices on that land.

Mr. Rodney: But when you do. It's a tough one, isn't it?

10:30

Mr. Johnson: Well, you know, for rural Alberta, for Crown land – I can't speak for the urban members of rural Alberta, for villages and towns – they control that.

Mr. Rodney: Right.

Mr. Johnson: While we work collaboratively with them, we do have Crown land, but that's usually grasslands or things of that nature, or you get into the green zones, those kinds of areas. If you start talking about development of urban-type projects, hamlet-type projects, country residential, typically those are not inexpensive types of housing. Do you get into, then, dictating to developers that a certain percentage in rural areas would have to go to affordable housing? It doesn't fit with the kind of development that's occurring in those areas. I'm not sure how to answer that question because the rural reality is quite a bit different than if you're in an urban centre.

For example, we've got some kids here in Edmonton that are being transferred down to the Lethbridge area. They would like to come into our area to buy in the village of Barnwell. A thousand-square-foot home, two bedrooms, no half-bath, no development downstairs, a 45-foot lot: \$250,000. The land is owned privately. It's not owned by the village. The village owns no land at all. So how do they then address that kind of thing unless there are some incentives put in place? When I talk about partnership, I'm absolutely sincere about that, and I know the AUMA is the same way.

I think that in Alberta we have an extraordinarily unique situation. I sit on the executive of the Federation of Canadian Municipalities. There's no other province that has the kind of relationship with its municipal associations that Alberta does. It's very literally a partnership situation. We would like to sit down and engage the government in discussions about how we can examine some of those kinds of recommendations. Does that make sense?

Mr. Rodney: All I'm saying is that I'm just simply hoping that we can move to a place where we truly can sit down, whether the land is Crown or village/town or belongs to a farmer like my uncle on the edge of one of those smaller centres, and we can have a reality that if we truly want rural to thrive and we truly want people to afford these things, somebody's got to move. We'll move, but we need you to move. We need other landowners to move as well.

The Chair: Might I remind members and participants that we only have 30 minutes, and the questions are getting as long as the presentations. Let's tighten it up.

Bruce.

Dr. B. Miller: Thank you, Mr. Chairman. Good to see Mary Ann again. We spent 45 days on this issue on the task force. My question has to do with your support for a home ownership program. I know that our young people obviously have a hard time getting into the home ownership market. Our task force recommended some sort of Alberta home ownership assistance program, and the government said, "No. The creation of more rental units is a better way to go," which confuses me. I would like to hear your comments about that. Obviously, you think that a first-time homebuyer program would be a good idea.

Mrs. Eckstrom: I'll take this question. The reality is that the price is way out of line for any of our children who are not making over \$100,000 a year to afford. They're coming in, and they're looking for places even to rent, Bruce. It's really difficult out there. In Grande Prairie, where I'm from, where we now have a couple of inches of snow, there are no rentals, and the rentals that are there are over \$2,000 a month, not including utilities. In reality our children, unless they have a parent who can afford to give them, like, a quarter of land in rural Alberta, are not going to be able to afford it. It's going to hit everybody who lives in Alberta, no matter if you're urban or rural.

I think that having an incentive for first-time homebuyers will alleviate that problem. These young people can come in and can actually afford to live in Alberta rather than going to Saskatchewan, where you can buy a lot for a dollar.

The Chair: Ray Prins. And this will be the last question we'll have for a response.

Mr. Prins: Thank you, Clint. Thanks for the presentation. I do have copies of that booklet that you referenced, Don, so if anybody wants it, I can get some very quickly. I think that by e-mail I can probably order them.

Listening to your presentation, it sounds like a lot of urban issues, yet you're AAMD and C, so I'm thinking that you're talking about some larger rural municipalities, maybe, like Wood Buffalo, or maybe some hamlets or rural subdivisions, because a lot of these sound the very same as urban issues. I think that for the really, truly rural ones what I would encourage you to do is create incentives or encourage municipalities to allow these granny houses or to zone for people to be able to live in the rural areas at a lower cost.

I know that where I live, in my area, quarter sections are going from a quarter of a million to half a million or a million dollars apiece. A lot of people wanting to live in the rural areas for quality-of-life issues are willing to pay that much money to be able to live on a quarter if they can't buy a lot. Seems to be people coming out of the cities. These are not affordable housing situations at all. This has totally created a mess for people that want to have affordable housing in rural areas, people that are working for farmers or working in industry and don't have the \$100,000 salaries. There's no way they can compete. So you must have zoning possibilities or incentives to create little lots or spaces for affordable housing. That's just a comment I want to make. It's all about quality-of-life issues out in rural Alberta.

Mr. Johnson: Okay. Two quick responses, Ray, to that. One, in reading *Hansard* from your previous meeting, I noticed the concern about the MGA and some impediments that may be within that. We welcome the opportunity to sit down and perhaps examine the MGA vis-à-vis the zoning requirements. There are some cross-ministry things going on with Ted Morton's ministry right now with the land-use framework discussions, and we have had significant input into that. I think that if we can free up some of the zoning requirements – even within hamlets those things still apply, and that comes into the rural area – we could examine some of those kinds of things.

The seniors area is a major concern for us, about the transportation, the handibus and support for that, because FCSS is under real pressure, and it needs to come from another area. We met with Minister Melchin, minister of seniors, on this just last week and addressed the need for some of the funding requirements for lodges and the co-operation between urbans and rurals, how that takes place. We need to have some incentives to be able to find good, affordable seniors' housing within our rural communities. We're supportive of that in partnership with our urban cousins because typically those will be in towns and villages.

Thank you for your comments and support. Again, it comes back to sitting down with the government in a partnership way and coming up with some solutions that we think can work.

The Chair: Okay, Don. Thanks.

Now, these questions will be read into the record. Denis, Raj, and then George.

Mr. Herard: Thank you, Mr. Chairman. My question is in no way

reflective of either of the presentations that we got this morning. One of the things I find really interesting is that it always seems to be the government that has to respond to all of these things. You know, if I was a young executive living in Toronto with young kids and I was being moved to Calgary, you can bet your bottom dollar that they would have a furnished apartment or a condo or something waiting for me. But if I'm a carpenter with a young family and move to Calgary, then the chances are pretty darn good that I'll end up in from the cold with my kids sleeping in the basement of churches because I can't afford the first and last months' rent plus the damage deposit. It seems to me that if we value our employees at every level, there ought to be ways that the private sector could come to the aid of these people. If they're a valued employee and they're needed, then why couldn't they participate in the first and last months' rent?

I guess the question, out of all that song and dance, is: should government act in the absence of everything that could be done being done? In other words, there are so many good initiatives out there that nobody seems to be taking on to help the situation. They want government to act – you know, change the legislation, do this, do that, create rent controls, do all of those kinds of things – yet there are all these other things that have not been done. I guess what I need to hear from you is whether or not a government should act and make changes like that in the absence of these kinds of initiatives being attempted.

The Chair: Okay. Thank you.

Raj.

10:40

Dr. Pannu: Thank you, Mr. Chairman. I want to thank the presenters for a very well-researched and organized presentation. I don't have time for a long sort of question, but a couple of things need some elaboration.

By the way, the focus on seniors is a very important one, I think. It's a growing challenge that we have to plan for and develop responses to, so thank you for underscoring the importance of addressing that particular issue in the rural areas and small towns. In that respect, there was a suggestion made by you about senior citizens; that is, caregivers and some sort of tax incentives. I'd like to get some more detail on it. What's on your mind? What suggestions would you make to address this particular suggestion?

Granny houses. Would it be developing a separate suite on the same lot, as it were, or the same backyard? Are there legislative prohibitions on doing that at the moment?

Mr. Johnson: Yes.

Dr. Pannu: I see. Okay. That's all, Mr. Chairman. Thank you.

The Chair: George.

Mr. Rogers: Thanks, Mr. Chairman. Thanks, Don. Always a pleasure. A simple question, Don. I thought I heard you mention somewhere in your presentation the potential for some enhancement to the FCSS program that would meet some of the need in this area, so I look forward to some explanation of your thoughts in that area.

Thank you.

The Chair: Any other member, quickly?

Okay. Thanks, Don and Mary Ann, and thanks, Gerald, at the back.

Mr. Johnson: Mr. Chairman, if I could just make one closing

comment. I agree with what Denis is saying. I don't have any disagreement with that at all. In fact, I think that we've had with the announcement of the MSI funding significant support from municipalities, and that will go a long way to helping us with some of that. What I'm saying is: let's sit down in a partnership way and have some discussion around some of these things.

Thank you very much.

The Chair: Thank you for your presentation.

I will now call forward the University of Alberta Students' Union, please. Michael, if you'd like to introduce yourself and proceed, that would be great.

University of Alberta Students' Union

Mr. Janz: Thank you. Good morning, everyone. My name is Michael Janz. I'm the president of the University of Alberta Students' Union. My partner up there is Steve Dollansky. He's our vice-president, external. We came into office on May 1 this year, and we represent about 32,000 undergraduates at the University of Alberta. We do a year-long term, and we have this chance to come and talk to different levels of government and the university about different issues affecting students.

This summer when I came into office, I was told: well, you often have many prospective students call you and say, "How can I get help paying my tuition, and how can I find more scholarships?" Et cetera, et cetera, et cetera. Well, this year the overwhelming question we got was: "I can't find a place to live. I can't find an affordable place to live. I'm living in a place that I don't think is entirely safe, legal, or in an altogether good situation." So affordable housing quickly became an issue on our radar and one that's drastically been affecting the students. Our presentation today is about what some of the present problems are, what our future forecast is, some solutions we have to offer to this committee, and some information on a U of A residence proposal that has been put forward in a letter to the minister.

In the package of pamphlets in front of you we have a memo, a sort of executive summary of what we're hoping to talk about today. This background document, the two pages that are the background to the U of A residence proposal, was put to Minister Horner on behalf of the University of Alberta Students' Union, the University of Alberta Graduate Students' Association, and the University of Alberta administration. We have a copy of my PowerPoint so you can follow along. Finally, we have the information that was tabled last year to the Alberta Affordable Housing Task Force, on February 21, 2007. This was an update from reading the *Hansard*. We were called today to sort of give an update since that presentation on what has been happening, so here we have it today.

When our students' union presented to the Alberta Affordable Housing Task Force, we issued a couple of recommendations. One was, as mentioned earlier by the member, that we have that discussion about the municipal property tax and figure out whether the government can reimburse that to municipalities, or we can figure out a way where these spaces, which we truly believe are academic spaces, shouldn't be subject to the same municipal property taxes.

Secondly, the need for financing and capital incentives to provide additional housing stock.

Thirdly, to explore the creation of residence spaces to alleviate pressure not only for students by moving them into these residence spaces but alleviating pressure on the market as a whole and creating space in some of these low vacancy areas surrounding our institution.

I'm sorry, Mr. Chair. Can I take a question?

The Chair: He's signalling me that he wants on the list.

Mr. Janz: Oh. Thank you.

As a current update I see on your agenda that you're going to have the CMHC presenting this afternoon. They'll have the most updated numbers by statistics on vacancy rates and rental rentals on our surrounding areas, but this is a statistic that we can offer to the committee. We have a drastic shortage of residence spaces at the University of Alberta. We have 4,012 bed spaces, and last year for the upcoming September term we processed 5,086 applications. Now, that's not counting the individuals who called, asked if they could get accommodation here, and were turned away to go and seek accommodation elsewhere.

We have e-mails from students who contacted us and said, "I want to come study at the U of A. I want to move to Alberta, but I just can't find somewhere to live," so this is becoming a drastic issue for us. Students are filling up the general housing market. We're spreading out throughout the city. Unfortunately, because of the lack of accommodation students are having to take houses that are often far too expensive, outside of the student price range, and there are issues with the safety and affordability of these bed spaces.

As you can see from the graph, the U of A is at about 12.5 per cent capacity of their enrolment. In looking at some of the peer institutions that we often try to compete with and attract students from, we're drastically below them. In the surrounding areas – this is the statistic from the presentation that was given last year – in the university area, in zone 3, we're drastically approaching zero. This statistic we still believe is present today based on the amount of students we've had contact us and the information we've been given thus far. As well, in other areas surrounding the university we have high rents, we have low vacancy, and we believe that this is where a joint proposal between the university and different levels of government could come in as an asset to solving this crunch.

Our future forecast is that affordability is about more than just tuition. It's including academic costs, costs of living, other expenses that students don't often factor in. How do we define affordability? Well, it's different for every student, but the student loan program says that you have a living allowance of \$897 a month. For us, we find that \$897 is barely covering rent in some circumstances. The student loan system expects us to pay \$440 a month for rent and accommodation, and then to have your razor blades, your shampoo, your food, your telephone bill, your cable, your Internet, anything else, all those costs on top of that. We're finding that students aren't getting the aid they're needing. That's an entirely different discussion, but specifically housing costs and the recent spike in price has been deterring prospective learners. Rural Albertans, international students, students from other areas who are having to move to our institution aren't getting a place within their price range.

Secondly, this is hurting our recruitment of learners from different areas. Typically we try and offer guaranteed accommodation to new students coming to the U of A so that they have a chance to learn and study in a safe and predictable community, but that hasn't been the case thus far. We're finding that this is disproportionately affecting rural learners.

We acknowledge, as the member mentioned earlier, that this is a solution that requires co-operation from not just the university, not just the city of Edmonton, not just the government of Alberta but all parties working together. That's why we've come up with some long-term and short-term solutions for the committee.

Our long-term solution. Basically, what the university has put forward is that they'd like to set a long-term target of 25 per cent of students in residence by 2020. They'd like to have a more competitive advantage in attracting students and also keeping students. This

translates to the addition of approximately 2,000 bed spaces. We find that moving these students into the residence community will reduce the demand on the surrounding housing market, and this will create supply for other Albertans. When we move 1,000 students out from the surrounding university zone 3 area, that's creating an extra 1,000 bedrooms for other individuals, other Albertans who may need a place to live here in Edmonton.

10:50

We find that residence is a guaranteed, safe, affordable place where we can create pathways for Alberta learners who may be coming to our institution for a couple of years in a transfer program, may be from another area of Alberta, or may be doing a different part of a degree somewhere else. Residence is a way that we can provide spaces for these learners.

Students have unique needs. We have limited earning capacity compared to other individuals. We're trapped into an eight-month academic year, so it's not like we can pack up and move as easily as other individuals in the housing market. We typically are already a little more disadvantaged in certain areas such as transportation, where not every student can live further away and commute in to the institution.

Residence, we find, is not just a bedroom; it's academic space. It's not just an apartment complex. Students who have lived in residence have proven to perform better academically, they have a better university experience, and they have value-added experience because there's peer interaction and support. There's a chance to work with other individuals in their programs. There's a chance to have a better sense of community at the institution. We're hoping that this translates into generous alumni in the future, but in the meantime it keeps more students at the institution and leads to a higher degree completion rate because more students have that sense of community and that sense of belonging at their institution. Some students we talked to may come from a small hamlet in rural Alberta, and coming to the U of A can be quite a daunting task, but finding that community on their floor, in their building, through other common individuals can alleviate those stresses and those pressures.

We believe that the other important aspect of residence is that it's proximate housing. It's close to the U of A, or it should be close to the U of A or close to direct train lines, like the LRT, for example.

We believe that when you're living in residence and you can predict your rent for the upcoming year, it's such an asset for learners because you're not having to go through that month-to-month struggle of: "Well, do I have to take another job? Do I have to do something else? Will my landlord increase my rent?" Having that predictability that student residences afford is an asset.

Above all, it's a safe place for families to send their children to attend university. The mothers and fathers of Alberta know that when their learner is going to be studying and living in residence, it's a much more reassuring thought.

Our short-term solution is this proposal that we've put in with the backgrounder that I've attached to that package. It's a co-operative proposal from the U of A, the U of A SU, and the GSA for 1,000 additional bed spaces at the U of A. We're proposing to construct low-rise modular housing, approximately 250 four-bedroom, affordable, apartment-style units accommodating 1,000 students, and it will be on south campus close to the LRT expansion. From what we've been told for a timeline, if a cheque arrived tomorrow, it would take about two years to complete this project. By that time as well, the LRT will have expanded to south campus. The students living there would be connected to the campus. They'd be connected through the LRT. There are amenities down in this area. The

U of A already owns the land. There are a lot of pluses that we've seen initially.

The community also would be constructed with the utmost care and attention to environmental concerns and sustainability. Why this is important right now is because of the deferred maintenance problem that many of the residences are facing as well as the other buildings on the U of A campus. We believe that if we can do it right and build these buildings to last initially and build them efficiently, we'll be much better off.

The proposal that was put forward has a projection of \$94 million to construct these 1,000 spaces. The proposal asks for the government of Alberta to support it through approximately 35 per cent of the total cost. By providing that equity, it would be \$33 million over three years. The balance of this proposal would be debt financed over the 30 years. We believe that the more assistance we can get from the government, the more affordably we'll be able to create and keep these spaces. The proposal was put into the current affordable housing initiative being administered by Municipal Affairs and Housing.

The other benefit we find of working with the university is that it's quick and cost efficient. The university has the south campus lands. They have the ability as well to circumvent municipal zoning requirements because it's already the south campus land. We could add those spaces there. It has been projected in the long-range development plan. We believe that when we're looking for solutions, partnership together is a quick and efficient way of doing this. I can't think of another way we could add 1,000 spaces for individuals into the housing market as efficiently as we could and as surgically targeted as we could to students.

In summary of the problems I've raised, there's a shortage of housing supply for all Albertans here in the capital region. Unfortunately, it is drastically impacting learners as well, and many of these students are now being deterred. Affordability of education is constantly an issue. Now many students aren't primarily concerned with their tuition costs; they're concerned right now with merely finding a place to live and finding a safe and affordable place to live. We're seeing this in that it's going to affect our degree completion rates, with more students maybe having to leave school and seek work elsewhere or just actually not attending school in the first place because they're going to go and pursue other options. We're seeing this in our ability to attract and retain learners. Finally, we see a concern with trying to provide safe and affordable accommodation for our students.

Our conclusion is that if we partner together between the University of Alberta and the government and the city, we'll be able to construct spaces more effectively, moving students out of the general housing market, creating spaces for other individuals, and moving students into safe and affordable accommodation. We find that when we talk to people about building student accommodation, we get a generally positive response.

Sometimes when we say that we are building affordable housing projects, you get that, sort of, not in my backyard style of attitude, but we find that with student housing the community has been much more receptive to it and much more sympathetic to the concerns of the learners. The students typically don't bring with them vehicles and traffic concerns as other demographics sometimes do, so the neighbours are much more open to having students as neighbours than some other options.

We know that there are many solutions that will be needed to deal with the affordable housing crunch hitting Alberta, but we believe that this is one way that we can quickly and cheaply provide an option.

For further information I've listed my e-mail and Steve's e-mail

in the pamphlet, and hopefully we can provide more information and support as we get it to the committee.

Thank you very much, Mr. Chair.

The Chair: Thanks, Michael and Steve, for your presentation.

Just, again, to remind members, for the Q and A try to be concise if you can. We start with George and then Ray Prins.

Mr. Rogers: Thank you, Mr. Chairman. Michael and Steve, I want to commend you on your presentation. Certainly, very well delivered. If that's an indication of the quality of people coming out of the U of A, I think we're in good shape.

Mr. Janz: Thank you.

Mr. Rogers: With that, though, I just want to ask you two quick questions. Right at the beginning of your presentation you suggested that we pay the residence property tax. I'm wondering if you could quickly elaborate on what you mean by that.

Secondly, I agree with you in terms of the need when you talk about safe accommodation and all the good reasons why we need better accommodation for students. I have a third-year student at the U of A myself. But you talk about a partnership, Michael. You used the word "partnership" a lot, but I didn't hear you talk about the student anywhere in this partnership and possibly by extension their families. I'm just wondering what students could offer, I guess, to the mix for this additional support.

I firmly believe that there is good value for Albertans to support students, but there's also good personal value for the student when their program is completed. I believe there are some studies that show that a typical university grad will earn probably somewhere over a million dollars more than someone with just grade 12. I'm just wondering if you could suggest what the student might offer in this partnership to help to make all of this a reality?

11:00

Mr. Janz: Thank you. If I may answer your questions in reverse order. We believe initially that the student typically looks and says – well, we believe that students are dead averse. As many individuals who are coming out of high school, they're looking at the opportunity to go into the workforce and pursue that route or to maybe pursue postsecondary education. We believe that many students are looking at this, and when they're tallying up the numbers of: "I may not have a place to live; I'll be taking on a lot of debt," they get deterred from pursuing the education route. We want to see more students taking on a postsecondary education and being able to do so.

In response to the property tax question. The ask last year was that the government of Alberta consider providing provincial funding to pay the residences' property taxes to municipalities or close the loophole allowing municipalities to assess those taxes and diverting those funds. It's almost a million dollars at the U of A. We would divert those funds to continuing to provide affordable bed spaces.

Steve, do you want to go on more about that?

Mr. Dollansky: Yeah. Mr. Chair, if I could just add really briefly to that. I wanted to go back to the first question about the personal gain. There is undoubtedly personal gain to be had by obtaining a postsecondary education, but we've seen over the course of the past 15 years the cost of that education increase exponentially. So there is a considerable burden taken on by the learner as it is. We're seeing that the one variable that's changing, however, is in fact the

housing costs. If we want to propel Alberta's prosperity into the future, we're going to need to continue to invest in postsecondary, and affordable housing is one avenue for us to do that.

The Chair: Okay. Thank you.

Ray Prins.

Mr. Prins: Thank you, Chair. I also want to thank you for your excellent presentation. I want to just follow up on a couple of things that George said, that there is some family and personal responsibility in getting an education. I know that students are dead averse, but they have to see this as an investment in their future, not as a bad debt. I want to make that point.

I also want to make the point of family responsibility. When my four kids went to university in Edmonton, I bought them a house. I kept it for myself and rented it out and probably subsidized a hundred students going through that place; it was six bedrooms. So I think that people can take responsibility for some of their own housing needs.

I am interested in your proposal for building the residences, that you have on the one page here, but I would like to ask you if you could compare that to what Grant MacEwan has done and how they have managed – because I see that they're building these huge residences here – if that would follow the same model, if that was a P3, or if they own it. Do you know anything about that? It seems to work for them.

Mr. Janz: Well, one initial question that you asked was about students being dead averse but seeing it as an investment. We believe that many students do, and that's why they keep coming to our institution. But the unfortunate situation is that they're getting student loans which don't give them a sufficient amount of dollars to assist with their education, and not all parents are open to being as generous and purchasing a house for their children. Some parents have seen, "well, I paid for my way through school; you can pay for your way through school," and they aren't as cognizant of the increase in costs and how education has rapidly outpaced even what inflationary increases would have been since when many parents were learners themselves.

As for the Grant MacEwan situation we would be looking at building low-rise modular housing, much like in East Campus Village at the University of Alberta, more walk-up residences, so not a single residence tower like that. There have been studies recently – the U of A is working on doing their residence master plan – and we were talking with some consultants who do different residence proposals throughout North America. They said that there's typically a trend right now to be moving away from P3s in student housing because it just hasn't been working in some of their case studies. The University of Alberta Students' Union has been fairly apprehensive about how P3 housing will work, and right now that hasn't been specified in the proposal. It's just been talking about what type of housing we're looking for.

In future we're going to be looking for what we call a mixed variety of housing types, not just dorm rooms for first-year students but also what we call graduate colleges, where there can be spaces for other students who are in their advanced years who may be coming here just for a study-abroad term or something like that and may be needing a place to stay, with a unique need.

Mr. Dollansky: Some specifics on the MacEwan project: it's one of the largest single-standing facilities in the country. I think it's close to 800 beds, and it was entirely publicly funded. It is full to capacity. Last year the MacEwan administration had opened the

facility and was using it as serving students from all three major campuses in Edmonton: NAIT, MacEwan, and the U of A. This year they had hundreds more MacEwan students apply than they had space for, so that option is no longer available. But the publicly funded approach that MacEwan used is one that we strive to follow.

Mr. Prins: Who was funding it then? You say the public, but who is that, the provincial government?

Mr. Dollansky: Yeah, the government.

Mr. Prins: The provincial government?

Mr. Dollansky: Well, no. It's essentially financed through the government as a cost-recovery model. When this facility was built – this was four years ago now – construction costs were significantly lower. The traditional model for funding residences is financing through the government. The institution would go to the ministry of advanced education to ask for funds to create the facility, and then they would recover those funds through rent.

The problem is that with the construction costs in Alberta right now that model no longer works when you have limited earning potential. The student income can't sustain the types of rents that the institution would need to generate in order for that model to work, so the equity is required in order to make the facility even close to feasible.

Mr. Prins: Thank you very much.

The Chair: Okay. About three minutes, and we've got a list yet.

Mr. Doerksen: Well, you very nicely answered my question on Grant MacEwan. I recognize that your presentation is more directed at the U of A and the students you represent there, but my interest is actually greater than the U of A. It's students at the other institutions as well and other parts of the province.

You talked a lot about partnership, so I just wanted to say that – and this is probably more directed to the minister – in one sense housing should really be institutional neutral because you can start your education in one institution and transfer to the other one. You shouldn't be forced to necessarily have to leave your place of accommodation because of that. Really, if you're talking about partnership, it should be between all institutions, in my view. But that's more for the minister and his review of this subject to consider, I think.

I do thank you for your presentation. It's very timely, and thanks for being here.

Mr. Janz: Yes, sir. Actually, there have been initiatives in the Grant MacEwan housing complex that we talked about, where initially, the first year it was built, there's always that sort of curve where students wait to see if it's, you know, reliable housing and if they can get a spot or not, and you have to raise awareness of it. Well, initially we had some U of A students living in that Grant MacEwan complex as well, who would come to the U of A for their degrees. If we look at options like south campus, where we can build on the LRT line, we could have this residence space here that would serve Grant MacEwan students and NAIT students.

There are a hundred thousand postsecondary learners here in Edmonton. This is a significant portion of the Edmonton population, and we believe these spaces could serve all of these individuals. I know that there are other schools who will speak here today, actually, about the acute needs in their area, but we've seen in the

capital region that this spike has drastically affected the U of A students. That's what we're hoping to convey today.

Mr. Doerksen: Thank you.

The Chair: Bruce Miller.

Dr. B. Miller: Yeah. I lived three years in decrepit student housing at the University of Chicago, so I really feel for what students have to go through. I don't wish that you should have to do that just because I did it. You know, there's sometimes that philosophy.

Mr. Doerksen: It's good for your character, though.

Dr. B. Miller: Yeah, it's good for your character. Right.

Your recommendation last year was that we're really behind in terms of maintenance of existing facilities. So before we talk about new facilities, can you explain: what is the condition now? Is there really a deficit of infrastructure in terms of keeping up with maintenance?

11:10

Mr. Janz: There is, and there was a number to the tune of \$50 million, I believe, that was raised last year. I'm not sure what it would be with current August 2007 construction costs. There's a definite need for upkeep of the resident spaces. I could present a memo with further exact examples of that to the committee. Would that help?

Dr. B. Miller: Yeah. Thank you. That would be good.

The Chair: That's a nice segue into how we have to proceed at this point, and that is for members to read in their questions and for you to respond to Corinne in writing, to be then circulated to the committee. We have Raj, then Denis, and then any other member. Raj.

Dr. Pannu: Thank you, Mr. Chairman. Michael and Steve, thank you for making a very lucid presentation, detailed, with a specific proposal which would affect the University of Alberta's capacity to house more students on campus. As I read through your proposal and I listen to you, it's crucial for this university to remain one of the leading universities in the country, to have that kind of facility in order to attract the topmost students.

I was just reading this morning, Mr. Chairman, in the *Globe*, I guess, a statement by the new president of the UBC, who is urging the federal government to choose three universities in the country to make them the best universities in this country. In order to do that, you have to have good students: the best students, the best faculty, the facilities. I think we will jeopardize the future status of this great university in this province if we don't act on making it an attractive place for the very best students, not only from Alberta but also from across Canada and beyond. One of the ways in which you do this is by providing affordable housing, community housing, on campus, and I think your proposal makes a great deal of sense.

I understand that I'll be meeting with you tomorrow sometime. We have a meeting scheduled, so I'll certainly learn more from you as your MLA from the area. But one question that I have is the municipal tax issue. It's a complex problem. You said that a million dollars is presently paid by the university as a municipal tax on student residences.

Mr. Dollansky: Nine hundred thousand, yes.

Dr. Pannu: Well, that's a substantial amount. Someone pays it, and presently I understand it's blended into the student rent, so students pay it.

Mr. Dollansky: That's correct.

Dr. Pannu: What would be the per-bed reduction in student rent if this tax weren't there? We need to understand it, you know, the main issue, the quantity of impact that it'll have. I think it's an important issue, but we need to look at more specific questions.

Asking the city to pay for the abolition of this would be, I guess, unreasonable because we are a provincial university. We get students from all across the province, although many of them would come from Edmonton and the greater Edmonton area. So to expect the municipality to pick up the cost of the elimination of this tax I think wouldn't be appropriate. I think we need to focus on the provincial level to see how it can be done.

One other issue. I understand that one of the jewels of residences on campus, the Pembina/Athabasca residences, are disappearing under the pressure of office space shortage on campus. That, to me, is a really regressive step. You know, that provided this university a very unique feature, to have students right there in the heart of it, and for that to disappear I think is a disappointment. We need to rethink that position.

Thank you.

The Chair: All right. Thank you.

Denis Herard, please.

Mr. Herard: Thank you very much. I want to thank you very much for your presentation. I won't use a big word like lucid, which I expect from a university professor was a compliment. It was a good presentation. We'll keep it simple.

One of the things I find really interesting in all of these things is that we're always talking about partnerships between the university, the municipality, the government. I think that there's a new opportunity that nobody seems to look at tapping into, and that's employers. You know, I'm of the view that if an employer waits for the system to produce well-educated, passionate potential employees like the two of you, they're going to be scraping the bottom of the barrel, but if they participate in the journey of postsecondary in all of its applications, including housing, they will probably get the cream of the crop.

I think that there's an opportunity there for potential employers to participate in all of the costs of postsecondary, and I'd like you to perhaps provide us with whether or not you feel that there are barriers to achieving that kind of a partnership with potential employers. I know for sure that if I was in business and I had the opportunity to hire either one of you, if you had a passion for what it is I do in life, then I'd love to participate in your postsecondary. That's the kind of picture that I'm trying to get you to look at. If you see that there are barriers to that, then I'd like you to provide that.

Thank you.

The Chair: The contribution that I would make in terms of a question: rather than a corporation giving its name on the outside of a building that might house an educational activity, would the students' unions be opposed to Hilton Hotels building a residence?

Now you have the questions. They'll be in *Hansard*. You'll respond, then, through Corinne for our input into the final report that we make.

Thank you, Michael and Steven, for appearing.

Mr. Janz: Thank you very much for having us.

The Chair: Okay. If we could call U of C forward, please. We'd appreciate it, Julie, if you would just introduce yourselves and then move right into your presentation.

University of Calgary Students' Union

Ms Bogle: Sure. Thank you. My name is Julie Bogle. I'm the president of the University of Calgary Students' Union. To my right is Mr. Mike Selnes, who is the vice-president external of the University of Calgary Students' Union.

Today, just to overview, we're going to do a 10-minute presentation and then leave the bulk of the time for you guys to ask questions as we understand that there are some things you would like answers to. I just wanted to let you all know that we currently represent 28,000 undergraduate students at the University of Calgary. I'm just going to wait until the presentation comes up, and then we'll get started.

The Chair: Make any shortcut you can, please, in your presentation. Some of us have been around this place for a while, and just like students don't like to have to take stuff that they already know, I guess we don't want to either.

Go ahead.

Ms Bogle: The current environment. We have a 0.5 per cent vacancy rate in Calgary. We're having a big problem with condo conversions. When we compare this to other cities like Toronto, that has had 700 units converted in the last 10 years, we're really seeing a discrepancy between the Calgary environment and the environment in other cities with high demands.

Students. I really want to get to why students are nontraditional renters and why we have special needs. We are on a fixed income. We only have four months to make our money to go to university, and it's really difficult when average rent costs are anywhere from \$600 to \$1,000 per month, which is well beyond the means of students.

It's really important to be in close vicinity to the university or to main transit lines to cut down on costs such as transportation, having a car. Also, the commuting time constraint really puts limits on our ability to study and on employment.

11:20

A greater disadvantage is because of travel. A lot of our special-needs and special-access students, such as rural students, aboriginal students, international students, must travel to urban institutions to study, so the lack of affordable housing really affects some of these students that are underrepresented already in our institutions.

The cost of being a student is more than just tuition and books: food, clothing, shelter, health and wellness. It's estimated that it's \$13,000 just to be a student, without even buying a pair of running shoes. The University of Calgary's statistic is that \$15,000 to \$20,000 per year is what you would need to be a student currently.

We'd just like to say that the tuition fee increases were stabilized last year by linking them to the CPI, which is a step in the right direction. However, tuition is not the only cost of learning. Housing is especially becoming a challenge and affecting students in an environment that's already seen them faced with other pressures.

Alberta needs student-specific solutions for the unique situation that we're in. One point that we'd like to raise is the need for residence beds. This is because it's the only true form of dedicated student housing. Residences go beyond just being on campus. It has actually been proven through studies both at our university and elsewhere that it's a greater academic success if students do live in

residences. They perform better academically, they're more involved in the university community, and they're generally more satisfied with their university experience. Their time to completion decreases. Their level of participation increases. It's a very positive experience to live on campus, and it's creating better students. Currently at the University of Calgary we only house 7.4 per cent of our full-time students, both graduate and undergraduate, which is far below other university comparators.

The other thing that's very positive about residences is that they're eight-month leases, so that doesn't take away from the general housing stock by forcing students to sign the one-year leases. Therefore, I guess what I'm really trying to drive home is the fact that if we can get more students in residence spaces, then there'll be a decrease in the pressure on the current rental stock. It also really helps encourage the underrepresented students, again, who find access to postsecondary education difficult: the students that come from overseas, the students that come from rural areas and just find it difficult to find a place in the city outside of the residence spaces.

In really focusing on student housing in targeted areas, really the proximity to the institution, any of the solutions that we look at have to take into account the needs of students. It's not realistic to think that students can live in Copperfield, which is on the edge of Calgary, which now allows secondary suites to be developed, because there's limited transportation and limited infrastructure in these areas for students beyond a learning environment.

In other cities, just to give you kind of some comparators, the number of residences at U Vic is 11.2 per cent of their full-time population. At UBC it's 16.1 per cent. At U of C, again, we're at 7.4. We're far below just housing our full-time student population. As well, in Toronto and Vancouver they have legalized secondary suites. In Vancouver and Victoria they have significantly higher proportions of residences. So in other cities that have similar problems in the housing market, they're taking steps to help alleviate those 0.5 per cent vacancy rates. Currently in Calgary I don't think we're doing enough.

As well, sprawl adds another financial and time cost to students. Inflation: we're all affected by this, but the cost of being a student is increasing. Construction costs due to inflation are really limiting the affordability of constructing new on-campus housing.

Now I'd like to turn it over to Mike Selnes. He's actually going to discuss the paper that's in front of you all. It's our affordable housing document.

Mr. Selnes: Wonderful. Well, first off, I want to say that we're really appreciative that we're able to be here to speak with you today. I think it's really important that we have a chance to present some of our ideas.

That's exactly what this document is. We came together as a collaborative effort of our students' union to say that we want to lobby for more housing, but how are we going to do that? It needs to be an action undertaken by all levels of government as well as the university. Really, what we're saying is that we need to work together. There are responsibilities by the university. There are responsibilities by the city of Calgary. There are responsibilities by the provincial government. We're not saying that there's one be-all and end-all solution to this. In that way, if we can figure out what each level can do, we can actually find some positive solutions that will really benefit the university students, other students in the city, and the community as well.

One of these ideas that really involves different levels is residences. We're saying that the university has to be very involved in the construction, the administration, and the application for the residences. There may be some involvement with the city to provide

some land or access to land for these residences and, finally, with the provincial government for some of the funding. Again, this is one of those collaborative efforts.

I guess I'll move straight on to some of the recommendations that we are making to the province of Alberta, which is what will affect all of you around the table the most. One of the first recommendations that we're making is to receive support and contribution to a feasibility study for the creation of interinstitutional, dedicated student residences on transit lines. This is an idea that we've been kind of discussing amongst ourselves and all Calgary students. We have a group called the Calgary student caucus, where we bring students from Bow Valley College, Alberta College of Art and Design, University of Calgary, SAIT, and Mount Royal College. We get together and we say: what can we do together? One of these ideas was: why not work together and build a residence that will meet the needs of all students? The ability to do this? We're not sure yet how, where it would be, and that's why we're really saying that we should do a study into it. What are the possibilities? What would the cost be? Where would it be done?

There are some definite advantages to building a facility like this. It's institutional neutral. That means that students from any institution could live there, and it could meet the demands of different institutions that have different needs at different times. Right now the residence waiting list at the University of Calgary this year got to upwards of 500 to 700 students at different points in the summer. We saw that there was a huge lack of supply for the demand that existed. There's construction of a new building at SAIT right now, but they are still short on the number of beds they have. At different times an interinstitutional residence could meet the needs of different students, and I think that's a really important thing.

It's an idea that's supported by students at all Calgary institutions. We've come together and said: we would like to see a study and perhaps construction of a facility like this. We've actually brought it to the attention of our administrations, and they are looking into what, I guess, the feasibility for them would be as well.

One of the other ideas is that it would be built on a rapid transit line in the sense that there's a corridor in Calgary along Crowchild Trail which could essentially serve Mount Royal and the University of Calgary, SAIT, ACAD, and Bow Valley as they're all in the general vicinity of each other. If you build on a rapid transit line in this area, you could serve all students.

Another recommendation that we're making is more U of C specific, and that's to provide capital grants and favourable financing for an on-campus residence facility. As we all know, construction costs in Alberta and especially in Calgary have skyrocketed in the past couple of years, and it's essentially making it impossible to finance residence construction under current models. In our discussions with the university administration they have said that with the current market it's impossible to build a building based on debt financing and keep it affordable for students. That's why we're really looking for the government of Alberta to step up and provide some granting. This isn't something that's necessarily been done as of recent times for residence construction, but the current construction and housing markets in Calgary warrant a direct investment in student housing.

Another thing that I know U of A had discussed as well is removing the municipal tax burden by amending the Municipal Government Act. Currently the education tax has been waived for university residences, but we're still assessing municipal tax, which equates to approximately \$350,000 at the University of Calgary. What this number would break down to, if you take the approximately 1,700 beds that are at the university, would be about 200 and

some dollars per year for each student, that would come directly back in fee reductions. The money could also go to financing some of the deferred maintenance that exists in our facilities, which is a huge number, or to providing some funding for new residence construction. There are different ways this money could be used, but currently none of it stays within the residence facilities to either ensure affordability or to help with extra construction. By removing that municipal tax, we could actually do several things that we cannot do at the current time.

Also, we're recommending that the Municipal Government Act be amended to include inclusionary zoning in both new developments and – we did not include it on the slide here – redevelopment and rezoning as well. I think it's really important that as we build new communities, we include mandatory zoning because we need affordable housing and also that as we redevelop existing communities, we include affordable housing in those redevelopments. That would really benefit students because that would provide them access to housing that currently doesn't exist.

11:30

Finally, the last recommendation that we've included in our presentation is adjusting the student financial aid system to acknowledge the true costs of living in Calgary. Essentially, the way it works right now, you can receive about \$450 a month for rent and utilities, which is well below the cost of rental housing in the city. We would like to see the government acknowledge this, adjust the way we calculate it by looking at a city-by-city approach. There is a distinct difference in cost of living between Red Deer, Medicine Hat, Calgary, and Edmonton, and there's no reason that we should look at all institutions and all cities as being the same. We need to give students the means to borrow enough money to live there if that is the way they finance their education.

As we all know, some students have help from their parents; some students don't. The students who are forced to borrow money are unable to receive an adequate amount of money to survive in our current housing market. It's very important that we do adjust this finance system to acknowledge that and ensure that students have enough resources to cover the costs of living in the cities they're in.

Essentially, that's the prepared presentation. We'd really like to have a chance for you to ask any questions of us and take a chance, maybe, to peruse through the document we put together. It's rather long – it's about 20 pages – but we wanted to make it extensive and actually look at different solutions for different levels and provide you with ideas and information that could really help tackle this challenge.

The Chair: Okay. Thank you very much for your presentation. We'll allow members now to ask questions and look for your response until a certain time, at which I'll have to cut it off. The members will then read their questions into the record, and you'll respond, hopefully, through writing to Corinne.

We have Dave Rodney, followed by Bruce Miller.

Mr. Rodney: Thanks, Chair. Very good to see you again, young people. It was these two young folks, Chair, that I was referring to earlier today in *Hansard* with another group and in a very, very positive way. I just want to say two words: thank you and congratulations. You have been very proactive, very positive yesterday and today.

I just wondered if there was anything from yesterday's panel discussion, where you and I were there for a few hours with a few hundred other people, that wasn't part of this presentation that you would find would be appropriate to tell us today. Again, you've

pledged to work with Minister Fritz; she pledged to work with you. Is there anything else to add that's not part of the verbal or written presentation that you want to share from yesterday's panel?

Ms Bogle: Yesterday's panel was very encouraging because everybody really vowed to work together, and we were really happy with both Dale Hodges' and hon. Fritz's commitment to working towards this. One thing that she really highlighted was the interinstitutional residence spaces and just looking into and further studying this. We think that that's a step that should probably be taken very quickly.

Mr. Selnes: I guess the one other thing to add to that is that we didn't necessarily specifically mention it here, but a big thing that we're also lobbying, and it's on the municipal level, is for the legalization of secondary suites in the city of Calgary. Although that doesn't directly affect you ladies and gentlemen here, what it would really allow for is more housing in the city. I think that's really important to note, that that would be a major solution to this challenge if the city is willing to step up and actually legalize secondary suites.

Mr. Rodney: Good for you. Thanks to both of you.
Thanks, Chair.

Dr. B. Miller: Thank you for your presentation. I notice that in the PowerPoint presentation you left out your point about rent stability guidelines. Maybe you've given up on that. I still think that's really important. Even though we stayed up all night debating in the Legislature and motions that the opposition brought lost, I am still convinced that a two-year temporary rent stability guideline is a good thing.

Anyway, thank you for your suggestions about the changes to the Municipal Government Act on the property tax issue and also inclusionary zoning. I think that's really helpful, and I think that putting it in the context of students graduating from university with huge debt and not being able to find affordable housing out there really brings it home. I have two sons – I think I've said this before – who have left the province because they can't afford to live here. It's really distressing to me that we put our young people in this kind of position. I think that's really helpful, if we can change the Municipal Government Act to really force builders to include 5 per cent or 10 per cent of their land, setting it aside for affordable housing. That's a really good thing.

Mr. Selnes: Thanks.

The Chair: Denis Herard.

Mr. Herard: Well, thank you very much, Chairman, and thank you for your presentations. I'm very pleased to see this document and the fact that you've put some work and some thought into this.

You were here, I'm sure, for the University of Alberta Students' Union presentation, so I'm going to ask you to respond to the same question without repeating it. You can get it in *Hansard* if you have to. It's to do with the involvement of employers in all of this because I think that that's a huge untapped resource. Nobody seems to ever think about involving your future employer in all of this. So I'd like you to answer that part.

The other one is – this is just a comment because we keep getting the same kind of number all the time with respect to the fact that the amount that is available for a student currently is not adequate to pay for rent. Yet in my experience I don't know of any students who in fact don't share accommodation. I happen to live in a building here

in Edmonton, when I'm here, that is full of students. You know, there are two or three guys, two or three girls – I mean, it's several people sharing the cost of accommodation. Even in university-provided accommodation, quite often it's two to a room. So when you look at just making the statement that it's not enough, perhaps it's not enough for one, but that's not the usual way that students go through their postsecondary education. I just want to make that comment.

Mr. Selnes: Chair Dunford, I understand that it was a comment, but if I may just provide a little bit of insight into that. Is that okay?

The Chair: Yeah.

Mr. Selnes: I do understand where you're coming from, Mr. Herard. The way I would explain that is: I currently live in a small house, that I share with two other gentlemen. We're paying \$560 a month without utilities. We're paying around \$650 a month with utilities, and that's when our landlord actually dropped the price of what she was previously renting it for by a couple of hundred dollars. And that's a common case, I know.

Most friends I have live in shared accommodations, but even the cost of shared accommodations has risen well beyond what it was two to three years ago just simply due to the housing market in the city. That's why when we say that the \$450 isn't enough, it's because even in the instances of shared accommodations – and from my personal experience I can speak to that – it doesn't reach the levels that are needed.

Ms Bogle: The other thing, just to add to that, is the students that aren't going to the postsecondary institutions because the cost of living is too high. It's the underrepresented groups that already are not at our institutions – the aboriginal students, the rural students, the international students – that we're trying to put a focus on. If it's not within their means, they're not coming.

The Chair: Okay. Thank you.
Raj Pannu.

Dr. Pannu: Thank you, Mr. Chairman. I want to thank you for making a very good presentation. Your 20-page document is sure worth a close read. What I noticed is that there's a great deal of overlap and reinforcement between what you have said and what University of Alberta students have said. Clearly, in the two cities some situations are different, so your solutions that you're proposing also seem to be somewhat different from each other. But the main thrust is that the growth pressures have created a very special set of problems for students, and if not addressed, they in fact make the rental situation for people who are not students at postsecondary institutions even worse than it is now. So in seeking solutions for the overall rental crisis that we have in this province and the affordable housing crisis, I think we need to address the student housing issue. I think that's a very important way in which you have linked the two issues, and I applaud you for that.

The question that I have is with respect to a feasibility study on institutional dedicated student housing. I don't see any details here. Maybe they are in here. Can it not be done without any new resources by the co-operation of the institutions in Calgary itself? And how long will it take? The problem of the housing crisis is urgent. It's now and here. How long should a feasibility study take, and who should take the initiative, and who should dedicate the resources to get it done?

Mr. Selnes: I completely agree with you, Dr. Pannu, that it's an

immediate problem and we need immediate solutions. That's why we have proposed the other, whether that's building on campus at the U of C residences, which is of utmost importance – I know that Dr. Weingarten is going to be making an announcement today of a proposal they're bringing to the board of governors for a new residence facility, which is definitely a step in the right direction. How far that goes we'll wait and see.

But with a study like this it would have to be done on a quick timeline because, as you say, a one- to two-year study wouldn't be adequate for the needs. I know that in our discussions with Minister Fritz yesterday she said that it would be something she would be interested in looking into to help provide some funding for. As well, I think there is a bit of need for the city, whether it's the university or all Calgary institutions, to be involved in that as well with some student collaboration. Again, the more groups you bring in, I guess that adds a little bit of difficulty on the timelines. But, as you say, it's something that has to be done now and quickly because the longer we put something off, the longer the solution will take to come into place.

11:40

Ms Bogle: I think, just to speak to the recommendations in general, the reason that they're structured as such is because there are some solutions in there that are immediate, and there are some solutions in there that will help alleviate the problems in the future because as we're learning, we need to start planning for our future now. Perhaps this study, yes, we hope that it would be done quickly and that it would set the motions in place to have action done.

The Chair: Okay. Thank you.

Mr. Prins: Thank you for a very excellent presentation. I guess I have one question and maybe a couple of comments. First the comments. You've reinforced some of the issues previously made by the Edmonton presentations, and I think some of your suggestions and recommendations are very interesting and probably feasible.

When you talk about the percentage of students on campus at the university in Vancouver, U Vic, U of A, and U of C, is that also a function of the rapid growth of U of C without their keeping up with the housing? Some of these institutions are probably older and have had more time to respond to their needs and maybe have a smaller student population as well. Maybe you'd want to comment on that.

Ms Bogle: Yeah. Just to comment on that, the number of students entering U of C has actually plateaued. Full-time enrolment for undergraduates is just under 20,000, and that has been the same for about four years. I do think that there has been a plan in the works to have residence beds increased, increase the space, for the last few years, and now that the pressure is really on, we're seeing them take some action in that respect.

Mr. Selnes: I also think that there was some apprehension at the university to build any new facilities in the past because they were never sure if there would be sustained demand. Why they were unsure of that I myself am unsure. As we know, the growth pressures on Calgary have been enormous in the past couple of years.

Really, what we've seen is that because nothing happened in the past four years with the new construction of a building, we're at the situation now where there is one current residence building under construction at the university. It's called the Dr. Fok Ying Tung International House, except the International House will only add about 70 to 100 beds at the university. It's mainly designed to house

incoming scholars as well as international students. As we said, with a waiting list of upwards of 500 students right now – there's no rental stock increasing, I guess, in the general housing market, so I think it's something they haven't really been undertaking in the past couple of years, and they probably should have.

The Chair: Okay. Thank you very much. Congratulations.

I have nobody left on the speakers' list, so you have no homework to do. Oh, I guess there is homework.

Dr. B. Miller: Yeah. I really like your suggestion about looking at the student finance system and using a measure like the market-basket measure. I really support the use of that measure for social assistance, so why not student finance too? But I wondered if you could provide more information, what that would look like, because I guess using that approach means that there's a different approach to student financing depending on where you live in the province and depending on the housing costs and so on. I think that's really good. Have you done any study? Do you have anything?

The Chair: Your question's going into the record. So your question is: have you done any studies, and could you respond to that?

Dr. B. Miller: Right.

Dr. Pannu: I think the chairman may have had some studies at his disposal. In some other capacity he talked about it for a long time, so maybe he should produce that information as well.

Mr. Selnes: We can share the homework perhaps.

The Chair: I'd be glad to work with you. Okay. Thank you very much.

We'll call the city of Edmonton forward. Hi, Karen.

City of Edmonton

Ms Leibovici: Thank you. We also have a PowerPoint presentation. I'm Councillor Karen Leibovici, and I think almost everyone here knows me. I'm a city of Edmonton councillor. I represent the west end of the city. I'm also co-chair of the city of Edmonton's affordable housing initiative. With me this morning I have Terry Loat, who is the manager of a fairly new branch that we have at the city of Edmonton, which is called the housing branch.

The Chair: I need to interrupt just quickly, Karen. Thanks. I need to explain to the members why the city of Edmonton is here.

Ms Leibovici: I was going to do that.

The Chair: No. I'm going to do that.

Ms Leibovici: Okay. That's fine.

The Chair: Because I don't know what you would say, and I know what I'm going to say.

There was an approach made directly to one of our members, Ray Martin, so he made the request then to us that the city of Edmonton be able to make a presentation. I was reticent initially to allow that because we had already discussed as a committee that we wanted to hear from AUMA and, of course, others that represented various groups. The discussion that I understand went back and forth was

that the city of Edmonton would be able to bring us information that would be somewhat different from what we might expect from an AUMA presentation. So in the interest of gathering, then, the kind of information that I think that we're going to need in order to report to the Legislature, I indicated that this would be allowed.

Subsequent to that we had a request from the city of Calgary to provide a written presentation, so I made another executive decision as your chair and have allowed the city of Calgary to make a written response. They do, in fact, have a deadline prior to our next meeting.

I want to indicate to all members that we've provided the city of Edmonton an opportunity here and that it was a decision that I as your chair made. I hope that you will agree with such decision, but I'm not going to call a vote as to whether you do or not. They're here, and we're going to hear them. Thank you very much.

Karen, if you want to proceed.

Ms Leibovici: Thank you, Chair Dunford. It wasn't very much different than what I was going to say, but I appreciate your setting the stage. I hope that you will find that our presentation will provide you with some specifics that AUMA is not able to do because of the broader representation that they do provide. In fact, we can give you some on-the-ground information as to what our affordable housing initiative is in the city of Edmonton and the kind of help that we need from the provincial government from a policy perspective as well as from a legislative perspective to move forward the agenda that we have.

About three years ago our council recognized that we were going to have difficulties meeting the demands of housing within the city of Edmonton, and our mayor as well as council agreed to an initiative which is called Cornerstones. I am co-chair of that initiative with Councillor Phair. There is a handout; I think you do have it already. I'm not going to go into the specifics of it, but within the handout you do have our Cornerstones plan. It's a synopsis of what that plan is as well as what we've achieved, and then attached to that report is the road map that council recently approved as to how we are going to spend the dollars, \$45 million approximately, that the city received from the province as a result of the Affordable Housing Task Force, which I also was very honoured to be on representing the city.

11:50

To give you a brief perspective, our affordable housing plan is only for individuals who meet certain criteria. It does not address the issue of homelessness within the city of Edmonton. Our goals were to add 2,500 units over five years, and the city put \$25 million a year for that five-year period in order to kick-start our program. In the first year of our program we managed to provide 629 units, so we've exceeded the 500 units that we thought we could put forward with city funding, and there was some provincial and federal funding at the time. The issue – and I'm sure you've heard that all this morning; it sounds like you had an interesting day yesterday as well – is that we know we need to do more in order to address the affordable housing challenges that we have in the city and in order to be able to sustain the Alberta advantage.

The specifics that I'm going to talk about I'm going to couch in what our current situation is right now. We know that we have at least – probably more because these are old census figures – 38,000 renter households in Edmonton who have both low incomes, in other words they earn less than \$30,000 a year, and they also have housing affordability problems. That is the definition we're using: paying more than 30 per cent of income on housing. The number of households – again, those are old census figures – we know, has grown significantly since 2001.

Our apartment vacancy rate is less than 1 per cent, and CMHC – and I know that you have a presentation from them coming up just after me – forecasts that the rental vacancy rate is going to be half a per cent in 2008. Average market rents, which have increased dramatically, are expected to continue to rise significantly in the near future. We know that in 2006 the rent for a two-bedroom apartment unit increased 10 per cent, from \$735 to \$808. It is forecast to rise another 18 per cent, to \$950, in this year alone and another 15 per cent in 2008.

Working to find solutions to the problem of affordable housing we believe is smart economic policy. An inadequate supply of housing, as you all well know, is a major impediment to business investment and growth and can also influence immigrants' choices of where to locate.

If you look at the slide behind you – I don't know if you have them in front of you – this is, I think, an interesting slide and is part of what the University of Calgary group just talked about as well. The cost of housing has outpaced wages. If you look at the cumulative increases in Edmonton from 1997 to 2008 and you look at those little bars, you will see that the wages have not kept up with rent, nor have they kept up with house prices. Then the motherhood statement, which I believe we all can endorse, is that access to safe, adequate, and affordable housing is fundamental to the physical, economic, and social well-being of individuals, families, and communities. In actual fact, in the Affordable Housing Task Force that was our main guiding goal.

On to some of our specific recommendations. As I indicated at the outset, I'll be focusing on provincial legislation, provincial policy, as well as the never-ending provincial funding because we need to talk a little bit about that as well. The first area that we are asking for changes in is the amendment to the MGA to provide explicit authority for municipalities to use inclusionary zoning. One of the reasons for that is that although our legal opinion has indicated that we may have the ability to include and to mandate inclusionary zoning, as a city we have drafted a policy, and we have circulated that to both the Urban Development Institute as well as to the Canadian Home Builders' Association, who have told us point-blank that if we try to institute that policy, they will take us to court. It's as simple as that. They indicate that they do not feel that we as a municipality have that ability to include inclusionary zoning in our zoning bylaw.

We have right now as part of Cornerstones included in all new housing developments as well as in some of the larger redevelopments a request for a 5 per cent dedication of affordable housing. So we're already there. We've been asking this for three years. The industry has been voluntarily agreeing at some point to that. We do that without a loss of revenue to the industry. We subsidize.

There are a number of different ways that we've looked at how we can acquire 5 per cent of housing. We would like to go higher than that and mandate it, and we have been told, as I indicated, point-blank that if we do that, we will be acting illegally. That is why we have come back. It was one of the recommendations of the Affordable Housing Task Force, but we are coming back to the province to say: give us that ability as a municipality. If a municipality does not want to include inclusionary zoning, that's their choice. At the city of Edmonton we would like to have that right so that we can move forward as opposed to getting caught up in the court system.

We do have draft amendments that we can provide to you. I have not included them in this presentation, but if you would like them, they are changes specifically to part 2, the general jurisdiction clauses, and part 17, specific to land-use clauses. It will help to clarify, it will help to prevent litigation, and it would help municipalities across this province to actually enable inclusionary policies to increase the supply of affordable housing.

Another area that we would suggest and would appreciate amendments to provincial legislation is to allow for the municipalities to permit the regulation of condo conversions and/or to impose linkage fees. The yearly rate of conversions of rental housing to condominiums is significant in Edmonton. Over the last five years we've seen 4,400 condominium units registered per year. A linkage fee option on conversion from rental to condominium could also contribute to a fund to create affordable housing. This is a well-established practice in the United States. In both Ontario and B.C. there is currently the ability to regulate the conversions that occur from rental units to condominiums, and those provinces have allowed those in their municipalities.

Another enabling fee or enabling transaction could be the real estate transfer fees. I know that that is under discussion in another venue with the four Rs. We have calculated that the value of residential sales through the Edmonton Real Estate Board in 2006 was approximately \$8 billion. If there was a real estate transfer fee of 1 per cent, that would generate \$80 million annually in support of meeting affordable housing needs.

Another area is secondary suites. You heard a little bit about it from the University of Calgary. I'm not sure if your other presentations talked about it as well. Edmonton city council has recently directed our administration to . . .

The Chair: Sorry.

Ms Leibovici: That's okay.

The Chair: I'm just making sure that these amendments that you're bringing to our attention can actually be obtained formally by the committee so that all members will have access to them.

Ms Leibovici: Absolutely. Mr. Loat will make sure that we do give those to you.

Secondary suites, as you may well recognize, is a contentious issue with most municipalities, not only Edmonton, but Edmonton city council has directed our administration to amend our zoning bylaw to increase opportunities for secondary suites in low-density residential areas. We're looking at it being permissible not only in new areas of the city, where they can start to build houses as secondary-suite ready, but we are also looking at implementing it in older neighbourhoods as well.

12:00

We've allocated \$8 million towards the provision of 1,000 secondary suites in the city of Edmonton, and that is in order to bring current secondary suites up to a certain standard so that they can become legal. As we all know, that is an issue of there being secondary suites in the market that are not legal and in some instances not safe. We've recognized that. We're not interested in pursuing those secondary suites to shut them down. We're interested in providing an incentive to owners so that they can bring it up to a certain standard. We have put money aside for that. That comes out of our \$25 million that the city has set aside.

We need further assistance, however, from the province in regard to implementing the secondary suites. One recommendation that we thought would provide that opportunity is to provide either a personal or a corporate tax break to offset the developer costs of providing secondary suites in residential neighbourhoods. The cost of making a house secondary-suite ready is somewhere in the neighbourhood of I believe – and if I'm wrong, Terry, let me know – \$15,000 or \$20,000, a minimum of \$15,000. The homeowner can recoup that cost through a grant, but it's the initial outlay that's a

concern. If there was some way to provide a tax break, that would be a really quick way of providing additional housing. Alternatively, if it's not from the province, it would be to amend legislation to enable us as a municipality to provide that tax break. We're ready to do that. We don't have the authority to do that. That could offset the homeowner cost to install the secondary suite as well.

At the outset I actually omitted to congratulate the provincial government for following the majority of the recommendations of the Affordable Housing Task Force as well as putting a significant amount of dollars into the affordable housing initiative. I do believe that you need to be congratulated for that. I would also like to congratulate the Alberta government for working in co-operation with us to create the incentive for school boards to declare the unbuilt school sites as surplus to their needs. That has been a huge asset to us at the city of Edmonton. These sites are moving ahead to be developed for appropriate housing. I don't know if you get the city of Edmonton clippings, but you will know that it has not necessarily been popular. We as a city council recognize that it needs to be done, so again thank you for that.

We do recommend – and I believe it was also part of the Affordable Housing Task Force – that the school site dedication process needs to be revisited. Although we have requested it and a lot of our school sites in the new areas have been amalgamated so that the schools will reach out to a broader area, the reality is that there are still sites that we need to dedicate out of our MR dedication that we know a school will never be built on. There are at least 80 other school sites within the city of Edmonton that we know there will never be a school built on. Those sites are in prime areas. They're in developed neighbourhoods. They have the infrastructure. The land is there. The land is not being used for a useful purpose. If we can put housing onto that, it would be a great asset both for that community as well as for those individuals who require affordable housing.

So that's why we're asking that they work with us to ensure that the surplus school sites can be put into productive housing use as well as approve a housing-first policy, that all provincial property declared to be surplus be first considered for affordable housing as opposed to being sold for some other use.

We're not just asking that of yourselves. We're also doing that with municipal property. We have recently passed a motion at city council – actually, it was just before the city council broke – that all city-owned lands and buildings that are declared surplus from their original municipal purposes and are suitable for housing be firstly considered for provision of long-term affordable housing prior to consideration of any other municipal use or other means of disposal and that the assets be made available at book value.

Some of these lands, as some of your provincial lands, were either bought or acquired through some other means many years ago. If you can get that at book value, then that significantly reduces the costs for the private developer who will develop the land. It will not be the city of Edmonton that delivers the land and provides the housing. In fact, this would significantly reduce the cost of a house, a townhouse, a row house, a four-storey walk-up, whatever can be built on that particular site.

Last but not least, the ever-popular funding issue. Though we realize that there has been a significant amount of dollars provided, we know that there will be more needed. Over and above that, what is most important for us is that we know that that funding is sustainable for at least a 10-year period. At this point in time the dollars that have been provided through the MSI fund and that, I understand, will be provided via other means in the future – we do not know what the term is on that. It's difficult to make long-term decisions without having the knowledge that that funding will be

there and can be dedicated to housing for at least a 10-year period. That would enable us to have appropriate planning and allocation of funds to meet the local affordable housing targets that we know we need to match.

We also believe that some of the other provincial programs should be indexed to housing market inflation, which are the Alberta Works, AISH, and Alberta seniors' benefit. If I can just give you an example in terms of the dollars, the extra, the \$45 million that was provided this year from the new provincial dollars with regard to housing, we have been able to expand our original target of 2,500 affordable housing units over the five-year period to 3,878 units. It was a significant expansion based on those dollars, and we do try to leverage our dollars as well.

We recognize that in order to respond to the affordable housing needs, this is not just an issue for the three orders of government: municipal, provincial, and federal. It also requires the involvement of the community, the not-for-profit sectors, and, as importantly, the private sector. The solutions must be oriented to meet the problems of affordable housing because we know that our province will continue to grow. We have throughout our process believed in and worked with the private sector because we know that we need them on board in order to be able to provide these units. We are asking for assistance in order to move our agenda forward. We are not asking for anything from the province that we're not prepared to do ourselves.

I think I may be over my time or very close to over my time. If I can't answer any specific questions, then Terry will answer those because he's got the hands-on experience.

Thank you very much for this opportunity.

The Chair: You have left us a bit of time, Karen. Thank you. We've got six minutes for Q and A, and then questions will be read into the record, which we would ask you to respond to in writing.

Bruce Miller.

Dr. B. Miller: Yeah. I asked the AUMA about building codes. You know, it's not clear to me. Are the building codes for Alberta, for the province, set by the province, an impediment to secondary-suite development or not? I mean, can you go ahead and pass bylaws that say, you know: secondary suites don't have to have separate entrances or don't have to have separate meters and all that sort of thing?

Ms Leibovici: Well, we still have to meet code. We can't do anything different than code. There was a task force that was established by the province probably three years ago now, and actually one of our councillors, Councillor Gibbons, was on that task force. They did make recommendations that the province did implement to enable us to have more secondary suites throughout the city. That's not the impediment at this point in time, no.

12:10

Dr. B. Miller: So you'd rather we focus on a tax break than worry about the building codes.

Ms Leibovici: Yeah. The reality is that municipalities have to have the fortitude to say: we are going to have secondary suites in our city. That is a zoning bylaw change. Is it popular everywhere? No. Again, what is occurring now is that every municipality, small and large, has secondary suites. Some neighbours care, and some don't. Our viewpoint is that we need to be able to ensure that they are safe. We had about a year, a year and a half ago a situation where there was a fire, and an individual died because they couldn't get out of their basement secondary suite.

The Chair: Okay. Thank you.
Raj.

Dr. Pannu: Thank you, Mr. Chairman. Thanks, Karen and Terry, for coming here on behalf of the city of Edmonton. Karen, you and I used to sit next to each other over there for many years.

Ms Leibovici: Not far separated.

Dr. Pannu: I'm very impressed with the very concrete proposals that the city has brought forward for making changes that will enable the city to respond to the problems that are outlined and that the members of this committee are well aware of.

On this secondary-suite tax reduction issue, in order for you to be able to reduce the property tax part, do you have to have the legislative authority to do it?

Ms Leibovici: Yes.

Dr. Pannu: Oh, I see.

Ms Leibovici: It could either be the province through their means, or if they provided us with the legislative authority to do it, we would be ready to do it as well. We just don't have that authority under the MGA at this point in time.

Dr. Pannu: Thank you.

The Chair: Thank you.

Any further questions? Well, it's an indication, I think, of the quality of the presentation. Thank you very much. Without trying to show any bias, I guess, you have an event coming up, and we wish you all the best in that.

Ms Leibovici: Thank you. We will send the proposed amendments to your attention, Mr. Chair.

The Chair: Actually, to Corinne. She will provide you with a card.

Now, if we could have Canada Mortgage come forward. You've been patiently waiting all morning – thanks, Vinay – so you know the drill. If you would introduce yourselves for the record, we'd appreciate that.

Canada Mortgage and Housing Corporation

Mr. Bhardwaj: Thank you very much, Mr. Chairman. My name is Vinay Bhardwaj. I am the manager of market analysis and research and information transfer for the prairie and territories region for the Canada Mortgage and Housing Corporation. I have the privilege of leading the group which prepares the forecasts for the housing markets. That's why I am here to present and provide you the information that you have sought. With me is my colleague Nicole Church, who is our corporate representative for northern Alberta. Aside from being a great corporate representative, she is really good at flipping slides, so she's been drafted to do that role.

I will start off by sending you greetings from my general manager, Trevor Gloyn. He really did want to come here and do the presentation himself because as he told me yesterday, it is not often that he gets a chance to present to a group such as this where people actually have the ability to make decisions to influence people's lives and to bring about real results. The reason Trevor Gloyn could not be here today is because our minister, Monte Solberg, is in Calgary today, and Trevor had to be with him. Trevor's loss is my gain.

Specifically, we were asked to come here to talk about recent market trends and affordability indicators, so that's what my presentation is going to focus on. I will also take this opportunity to just highlight some CMHC affordability activities and certain options and opportunities which we have actually seen arise out of other work we do and that we think will segue well with the recent market trends and affordability indicators.

First of all, as most of you know, CMHC has been around since 1946. We are Canada's national housing agency. Our bottom line is that we work to make sure that Canada's housing system is one of the best in the world. We do this through various programs, including providing information to the Canadian housing sector and other consumers to make sure they can make the best possible decisions that they need to.

We'll start off by talking about the economic and housing outlook for Alberta because this is what you have asked us to come and present. The first thing to know: there's no question that over the past few years the Alberta economy has been the story for Canada. The housing market for Canada also has been performing in a very strong fashion, but in Alberta's housing market various adjectives are used to talk about the indicators, and the word "spectacular" often is used.

Our current economic and housing cycle in Alberta began in 1997, and from 1997 to 2000 it was very much, we would say, a Calgary-dominated story. Since 2001 forward it's very much been not only a Calgary story but an Edmonton story, a Wood Buffalo story, and a Grande Prairie story. The point I'm trying to make here is that the kind of numbers you have seen in Alberta in terms of housing starts and the resale market: you don't get to those numbers unless every major centre in Alberta is recording strong levels of activity.

If you look at this chart here, a few things for you to focus on. One thing is that in terms of real GDP growth – that's the gross domestic product, the total value of goods and services produced in our province – Alberta has been leading the country over the past few years. That's going to continue in 2008. As a result of our strong economy and a low jobless rate, low unemployment rate and strong employment growth, Alberta has been the top choice of destination of Canadians from other provinces seeking job opportunities.

Research by us and by StatsCan shows that when Canadians move from one province to another, they move because either they're looking for a job or they've switched jobs or their spouse has switched jobs. We have been providing most of the job gains in the country for the last few years, so we're accounting for a large percentage of them. People have been moving here for job opportunities.

You will notice that we do see, first of all, that net gains from net migration – so people moving in versus people moving out – in 2006 were the highest on record, close to over 86,000. They have dropped off this year and are expected to drop off a bit more next year. That's because not only is our economy performing well in Canada, but so is the British Columbia economy, so is the Saskatchewan economy, and in fact most of the gains that we are going to see in 2007 and 2008, actually, through interprovincial migration are going to come from Ontario.

The other thing to mention here is that the reason we see a bit of a drop-off in net migration is that our house prices relative to other jurisdictions are getting higher and higher. That is probably, we feel, going to deter some interprovincial movement. The other reason the migration is declining – again, it's mostly on the interprovincial side; from international migration we do see gains occurring – is the demographics of Canada. Just about anybody who can move from one province to another: most of those people have already

moved. In moving forward, we will need to rely more on international immigration to meet our labour force needs. I'll talk about that and the impact on the housing market that might have.

Overall, the story is still that to the end of 2008 we will continue to lead the country in economic growth. We will have the lowest unemployment rate in the country at 3.6 per cent. The national average is close to 6 per cent; 3.6 per cent is virtually full employment. In fact, 74 out of 100 people in Alberta between the ages of 15 to 64 are employed. So just about anybody who wants to have a job in the province and has the right skill set is employed. You're in fact seeing that in the employment growth in 2008, where it does back off to 1.8 per cent, because in 2006 and 2007 employment growth was very substantial and impressive.

12:20

The reason employment growth is going to back off – the number of jobs will continue to rise – is because with the net migration also declining, there will be jobs here, but there will not be enough people, maybe, to fill them. That's why we're seeing employment growth back off in 2008. Overall, though, our population is going to continue to grow, and population growth is going to lead to household growth, which will mean that housing starts will continue to be at strong levels.

As I mentioned to you before, the current cycle for housing starts began in 1997. In fact, if we trace back to 1971 – that is what I call the birth of the modern Alberta – our first cycle was from 1971 to 1983, high levels of housing starts; 1983 to 1996 was the lull. In fact, that's one thing people such as me, who has lived here a long time, since 1975, hear. We remember what it was like between 1983 and '96. A lot of our recent newcomers just think Alberta has been this way forever and ever, but our current cycle started in 1997 with a high level of housing starts.

Again, we are forecasting over 40,000 housing starts in 2008. That's single detached and multifamily combined. Single detached is exactly what it means. It's a single detached home. A multifamily home can be an apartment unit, a semidetached unit, or a row unit. Because of the decline in net migration, we're forecasting the overall activity to decline, to have a downward trend, but still about 40,000 units.

You will notice that multifamily starts are dropping less than single detached starts. That's because one of the changes we have seen occurring here is that the definition of what is a starter home in Alberta is beginning to change. At one time when most people in Alberta thought about buying a home, they thought about a single detached home. Now because of demographics people want the empty nester lifestyles, so condominiums are popular with them. Also because of the relative advantage of apartment and row units and condominium construction, multifamily units are becoming more and more popular, and they're competing with single detached units.

Finally, the last point is the Alberta resale market. There again we are seeing activity levels remain high. The overall average price is going to be \$360,000 this year for the province, which is an increase of 26 per cent from last year. Next year the price gains are going to back off to about 10 per cent, but then the average price for the province will be \$395,000.

Just to give you the data in terms of Calgary and Edmonton. These two centres – these are our two largest centres – account for the bulk of the activity. There are five census metropolitan areas in Canada where housing starts on an annual basis exceed 10,000 units. Those are Montreal, Toronto, and Vancouver. I listed those three because people in Canada tend to think of those as the big three centres. The next two are Edmonton and Calgary.

In fact, on a per capita basis Edmonton and Calgary lead the country in housing starts relative to the size of the population. Overall – some of these numbers you’ve heard referenced before – the activity levels in both Edmonton and Calgary will remain high. The average MLS price in Edmonton next year is going to be close to \$380,000, and it is rising. The same for Calgary. Calgary will be around \$468,000, and the vacancy rate in Calgary is forecast to rise slightly next year while it will be on a bit of a downward trend for Edmonton.

The reason for that is that we believe that in Calgary in a lot of the condominium construction that is occurring, quite a few of those units will be actually rented out, actually, and will compete with the property-managed rental market. In Edmonton that’s happening but to a lesser extent. The propensity for home ownership and investor-owned condominiums in Calgary is a bit higher than it is in Edmonton.

Just some data for you folks. This is data from January through August of this year, and it just is showing you the seven largest centres in Alberta. These account for 97 per cent of the resale activity in the province, and you can see that price gains have been quite healthy across the board, ranging from about 15 per cent for Grande Prairie to nearly 42 per cent for Edmonton. So that’s the home ownership market. Three-quarters of Alberta households own their dwelling while another quarter rent their dwelling.

At CMHC we conduct a rental market survey each October. Also, this year we have started to do the survey twice a year, so from now on we’ll conduct a rental market survey in April of every year, which will be our spring rental market survey, and we’ll conduct one in the fall, which will be our October rental market survey.

This slide I took from another slide I did for some folks from Toronto. I included a map because often we find that when we are educating people, we need to show them a map just so they know where every city is located. The bottom line of this slide here is that the vacancy rate across all centres in Alberta in 2006 and 2007 was well below the national average.

The outlook overall is that our housing market resale activity has been at record levels over the last few years. The high levels will continue. We won’t hit records in 2008, but 2008 will be the second-best year for resale activity on record in the province. Housing starts, while on a bit of a downward trend, will once again exceed 40,000 units, and the vacancy rates across the province will remain low.

Now I’m going to talk more about the affordability side, actually. This is a slide for Calgary, and in fact the chart for Edmonton would look exactly the same. Maybe the scale would change slightly because Edmonton housing prices are a bit lower.

Essentially, one of the reasons we have seen a high level of activity in the resale market and the new home construction market over the last few years was because from 2001 to 2005 we had the lowest mortgage rates on record. That encouraged people to move into home ownership. You can see there from the blue bars the average rent for a two-bedroom unit, and then you see that the lines are the average monthly cost of owning either a resale condominium or a resale single detached unit.

What we were finding from our discussions with landlords was that during this period they were saying that they were losing tenants because tenants, especially the ones with the higher incomes, were doing a simple calculation: how much do I pay a month in rent, and how much would I have to pay in a monthly mortgage payment if I bought a home? Many of them as a result were deciding to purchase a home. As a result, we did see that over this period the vacancy rate actually was higher in Calgary and in Edmonton, and people were moving into home ownership.

The situation began to change in 2006 and again has changed in 2007, where now you can see that while the average rent has increased, because mortgage rates no longer are declining and house prices have increased, the gap between renting and owning has increased. As a result of this, we believe that it will take, perhaps, longer for people to generate a down payment to purchase a home. So you can see that’s one reason why people will remain in rental, perhaps, longer than they would have in the previous five years. As a result of the continuing migration of people into Alberta and people in Alberta not moving into home ownership at the same rate as before, the vacancy rate will remain low across Alberta.

Again, Councillor Leibovici talked about affordability and core need. This is something I want to tie in to our market outlook. In fact, this is data from the 2001 census and the 1996 census. The 2006 data is not available yet. Again, we’re talking about the core need.

12:30

A household is thought of as being in core need if their housing is not adequate – if it’s not in good condition, that is – if it is not suitable for the household given the household size, and if the household has to pay more than 30 per cent of their pretax income for shelter cost. In 2001 about 10.5 per cent of all the households in Alberta were in core need. In fact, if we take the 30 per cent criteria aside for income, households paying 50 per cent and more of their income for shelter cost in Calgary, there were about 15,000, 13,900 in Edmonton, and overall for Alberta close to 41,000.

Just taking that forward, if we look at this data here and the slide here, the point we’re trying to make – and we’re trying to tie this in with our rental market survey and the core need data. You can see that in Calgary, for example, in 2006 the average rent for a two-bedroom unit was \$960. If you take that and multiply that by 12 and then divide it by .3, that means that to meet the core need income criteria, a household needs to earn \$38,000 a year in Calgary. In 2007 to afford that two-bedroom unit, it will be \$43,000. In Edmonton those numbers are, respectively, \$32,000 and \$38,000.

These are just averages. What if we just drill down a bit more into the data? This is for Calgary, and we can provide you with a similar slide for Edmonton if you wish. What we did here was that we said: “Okay. We have averages, but let’s take a look at all the units in our rental market survey and stratify them.” The bottom 20 per cent based on rent, the next 20 per cent, so essentially five groups of 20 per cent, or quintiles. That’s why we call it a quintile analysis.

You can see that in the bottom 20 per cent a two-bedroom unit rents for \$701 versus what the average is: \$960 for Calgary. For the next 20 per cent the average rent for a two-bedroom unit was \$827 while the overall average for everything was \$960. You can see, then, that to afford the bottom 20 per cent, someone will need to earn \$28,000 in Calgary versus \$38,000. Then for the next 20 per cent they’d need to earn \$33,000, not \$38,000. Just to give you an indication that if you start drilling deep, what is the income level required to afford the units as they’re distributed based on rent?

The first point is the averages. The bottom 40 per cent of the units in terms of rents are available to people who earn up to \$33,000 a year. On average you’d say, “Oh, you need \$38,000,” but the bottom 40 per cent are available for people at \$33,000 a year.

The other point we wanted to make here is that just because the vacancy rate is low, does that mean that there are new units available for rent? In fact, this year we’ve done this with the Calgary Apartment Association, and we’re hoping now to do this with the Edmonton Apartment Association. This time Calgary decided to be the pilots, you know, so we did a survey with them. We asked their membership, working with them: what is the turnover rate in your

buildings over the last few years? In 2007 it is only for six months, so that's only there for information because seasonality is a factor as well. But in 2004 the turnover rate was 33 per cent, and it has been rising. In 2006 it was 41 per cent. Members of the Calgary Apartment Association who responded to our survey indicated that in 2006 40 per cent of their units did turn over. The number one reason cited for turnover was people purchasing a condo and leaving rental.

Just to bring this into perspective and to closure, does this mean that there is an affordability issue or that there is an affordability problem? Well, being an economist, I would say that it depends. If we were looking to target, to really hone in on the data, this is employment by industry and the related income distribution, and these are our calculations based on Statistics Canada data for all of 2006. Basically, in Calgary these are the industries' or percentage of jobs, and then, essentially, I took their average weekly earnings and annualized that number. Someone working in the accommodation and food industry, based on their average weekly earnings, would be making \$20,000 per year. Someone working in oil and gas would be making \$69,000 per year.

The point to make here is that if we went back and looked at our rental market data and talked about the fact of who can afford what, if you're in the accommodation and the food services industry and you are – and this is an assumption – the primary household earner and if you are in the administrative and support industry and you're the primary household earner, you're making about \$20,000 to \$22,000 a year, so you can afford the bottom 20 per cent of the rental units in Calgary. If you are working in the retail trade or wholesale trade or you're working in information, culture, and recreation, you are making up to \$34,000 a year, so then you can afford up to the bottom 40 per cent of the rental units. If you're making more than that, then the entire rental market universe becomes available to you based on the 30 per cent assumption: that you are paying no more than 30 per cent of your pretax income for shelter costs. If we are looking to target to see where affordability might be an issue, it would be people working, perhaps, in the accommodation and food services industry and the administrative support industries and then the retail and wholesale trade.

Just to let you know – this is information for you – that because we are Canada's national housing agency, we also get asked questions about what CMHC has done to facilitate home ownership. There are numerous programs that we have implemented over the last few years to facilitate the movement into home ownership for Canadians. Also, along with our partners in the province and at the municipal level, we have various assisted housing activities. The point we are trying to make here is that if people think that not much is being done to assist folks on the affordable housing side, there are definite activities under way. The question now is: where do we go from here?

In fact, these are the kinds of questions we are currently being asked and the questions that we are trying to answer. What are our objectives? What are we really trying to achieve? Is our objective to end homelessness? Should we be trying to reduce core housing needs? Do we need to build up the affordable housing stock? These are the kinds of questions we are being asked. What we have realized is that our clients want us to set definite targets, they want them to be measurable, and they want us to set realistic targets. It's not only Albertans but all Canadians. Whatever we try to do, they want regular reporting on the kind of progress we are making.

Now, I'm just quickly going to mention one other thing here just to tie it in to the earlier presentations that were made. This comes from our research and information transfer side. CMHC does research, as my GM, Trevor Gloyn, would say, on just about

anything to do with housing. On our research and information transfer pillar we do work on the socioeconomic side, but we also do work on the technical side. In fact, we have work under way currently with municipalities across Alberta and the private sector on how we can have innovation to create housing that is sustainable. Sustainable development for us means housing that is affordable, housing that is environmentally friendly, and housing that promotes social cohesion. If you folks would like more information on those projects, we'd be happy to send it to you.

12:40

These are some other ideas that people have been talking to us about, and in fact these are nothing new. I think I'm not going to elaborate on this much further because you heard it earlier from the other presenters. Just two things to mention here. We do have examples of people – we can forward to you – folks in the private sector who are building affordable housing, and some of them are in Alberta. If you'd like us to give you examples of those folks and some of the models they are trying to pursue, we'd be happy to send that to you as well.

The one last thing on this slide. With the landlords our suggestion would be that the apartment associations should be engaged in the discussions on rent because earlier this year the Canadian Federation of Apartment Associations' meeting was in Edmonton. I was there to do a presentation on their housing market for them, and they were kind enough to let me stay for their entire meeting. Some of the issues I heard them discuss are not very dissimilar to what you folks are discussing here as well.

The last point here just from us, again, is that at CMHC we work with the entire housing industry. We do work with, as I mentioned, the Canadian Federation of Apartment Associations, the Canadian Real Estate Association, and the Canadian Home Builders' Association and their regional, provincial, and local chapters. One of the points that we have been discussing with them – and they are very much interested in these issues. They are interested in the labour issue, how the availability of labour is impacting the price of new homes. Of course, they realize that due to a lack of skilled labour they need to have trade development and apprenticeship programs.

The last point there is immigration. This is something for us to consider, not only shorter term but longer term. We at CMHC in our presentations in Alberta starting back in 1999 – part of our job is to talk about future trends and provide information to the housing market participants as to what might be impacting them – our conclusion back then was that given the current demographics we will need more immigrants to come to Alberta. Ninety per cent of immigrants to Canada right now go to Toronto, Montreal, or Vancouver. Through the provincial nominee program we are trying to attract more international immigrants to Alberta. That is a good thing because we need the labour shortage issues addressed, and that's one way to do it. Through the provincial nominee program people will go not only to Edmonton and Calgary but to other centres across Alberta.

This will also have an impact on the kind of housing we will need to provide because our analysis shows that when people come to Canada, for the first three years they tend to rent. After their third year in Canada they tend to move into home ownership. After 10 years a new immigrant's home ownership profile looks no different than Canadians who were born here. So if we are trying to attract immigrants to address our labour needs, we have to realize that most likely for the first few years in Alberta they will need to rent, and we will have to make sure that rental housing is available for them.

That's my presentation. Thank you. I'll be happy to answer any questions.

The Chair: Now, we'll have to make arrangements to get your presentation printed and circulated to members. Very comprehensive.

We have questions, but they're going to have to be read into the record. There's Victor Doerksen and then Denis Herard.

Mr. Doerksen: Thank you. I don't really have a question. Just a couple of comments. One is that I know that CMHC has done work on a number of affordable housing projects in Red Deer, and we appreciate that a lot, so thank you for that.

Just, also, to remind you. It's a bit tongue in cheek, but I'm a little sensitive when people talk about growth centres in Alberta. Earlier on in your comments you referenced Calgary and Edmonton and Fort McMurray. Just to remind you that according to the census results Red Deer, Sylvan Lake, Airdrie, Okotoks all surpassed the growth in Calgary and Edmonton.

Mr. Bhardwaj: That's right. Just to let you know that, in fact, this was a comment I had earlier but did not make. You're absolutely right because Edmonton and Calgary lead all the census metropolitan areas in housing starts and MLS sales per capita. But if you look at Wood Buffalo, Fort McMurray, Grande Prairie, Red Deer, Lethbridge, Medicine Hat, on a per capita basis their activity leaves Edmonton and Calgary way behind.

Mr. Doerksen: Thank you.

The Chair: We try to indulge the chair of our small cities caucus in these sorts of things: getting Red Deer in.

Mr. Bhardwaj: By the way, I bought my new car in Red Deer. It's a great place to buy a car.

Mr. Herard: Just further to that, though, 50 per cent of nothing is still nothing.

An Hon. Member: Agreed.

The Chair: Now, now, now. Order.

Mr. Herard: I guess the question I would have is: when society engages in a process to identify, for example, its homeless and what to do about it, that of course brings it to the forefront. I'm wondering if as a result of that or for whatever reason you've seen an increase in multifamily starts, you know, in Alberta since the release of that report?

The Chair: Would you go ahead and answer that one?

Mr. Bhardwaj: Right. The multifamily starts actually began rising starting in 2002. The market is ahead of us.

Mr. Herard: Okay. Thanks.

The Chair: Bruce.

Dr. B. Miller: Yeah. I mean, growth pressures. Obviously, the net migration of people is a point of growth pressure, but I'm not really sure what that means in terms of the ability of people to move through the housing continuum, you know, from rental to market housing or even starting earlier with transitional housing or social housing or whatever. I mean, you mentioned a 40 per cent turnover in rentals, but are those people moving, as you say, to condominiums? A certain percentage are going the other way, sadly, because our homeless statistics keep going up, and people find places to live with other families and so on. So I'm really not sure. Does that migration really mean that people are moving through the continuum, or are their choices then really limited?

The Chair: That's complex. We'll ask you to respond in writing to us.

Mr. Bhardwaj: I'm happy to write. Okay. No problem.

The Chair: Also, because we've held you up, we do have lunch for members and staff, and if you want to join us for lunch – I'm sure there's enough – then individual members can also then chat directly with you. So I extend that invitation to you and Nicole if you wish to take us up on it.

Mr. Bhardwaj: Thank you. We'd be happy to do that.

The Chair: Now I'm going to bring your session to a conclusion.

We have just a bit of agenda that we have to get through. Under Other Business are there any other items that any member wishes to bring forward? Seeing no hands, thank you.

The date of the next meeting, of course, is October 24, from 10 a.m. to noon, and we'll have the deputy minister of the Ministry of Alberta Municipal Affairs and Housing, as we were instructed to organize.

Any other comments before adjourning?

Motion for adjournment? I recognize Raj. Thank you very much. See you on the 24th.

[The committee adjourned at 12:49 p.m.]