The City of Calgary takes on the housing crisis

September 26, 2023

On Sept. 19, 2023, the City of Calgary Council (the City) approved the City of Calgary's Housing Strategy City of Calgary's Housing Strategy (the Housing Strategy). Originally set in motion in June 2022 by way of a Housing and Affordability Task Force, the City has now adopted a series of recommended policies and actions to increase, measure and manage housing and affordability across the housing continuum. This initiative comes as a response to what the City has deemed to be a housing crisis, which includes low vacancy rates, higher than normal rent increases, and escalating home prices.

The Housing Strategy has 5 outcomes it hopes to achieve:

1. Increase the supply of housing to meet demand and increase affordability;
2. Support affordable housing providers to deliver services that make a positive impact;
3. Enable the city's subsidiaries to improve service delivery;
4. Ensure diverse housing choice to meet the needs of equity-deserving populations; and
5. Address the affordable housing needs of Indigenous people living in Calgary.

In pursuit of these outcomes, the Housing Strategy proposes a number of actions to be taken including:

A. Allocating $20M per year to the Housing Land Fund to acquire land or provide existing City land for the creation of non-market housing;
B. Disposing of City-owned lands within Transit-oriented development sites suitable for housing, including non-market housing;
C. Allocating $50M in funding for residential uses to the Downtown Calgary Development Incentive Program as bridge funding until such time as additional funding is provided by the federal and provincial governments to make up the balance of the program requirements;
D. Establishing an incentive program of at least $10,000 per unit for secondary suites, to produce at least 400 net new secondary suites each year; and,
E. A series of initiatives targeting the provision of land for Indigenous housing, such as utilizing the Housing Land Fund to provide land to Indigenous housing providers at nominal value and increase the amount of land provided to

Indigenous housing providers through the Non-Market Housing Land Disposition Policy.

The Housing Strategy sets a target of building 3,000 new non-market affordable housing units annually and 1,000 more market homes than are currently built in the city each year. This suggests a meaningful stimulus may be coming soon in Calgary, targeted at increasing affordable accommodations.

While laudable objectives, not all of the Housing Strategy recommendations and actions can be taken without further approvals. It will, therefore, be important to monitor which of the action items the City can now commence that do not need further budget or council approval and which will require further consultation and administrative legwork.

Blanket rezoning plan

Prior to the City Council's meeting, Calgary's Mayor was informed by Sean Fraser – the Federal Minister of Housing, Infrastructure and Communities – that the Calgary's Housing Accelerator Fund application would not be approved unless there was action taken to create the new missing middle zoning designations of H-GO and RC-G and ending exclusionary zoning in the city. Whether or not the zoning requirements put forth by the Minister will be met by the city (which are necessary to receive federal funding) will depend on the public hearing and subsequent Council decision that will take place early next year.

Within the Housing Strategy is the proposed plan to re-designate all residential areas in Calgary to allow townhomes and rowhouses anywhere without an individual public hearing in front of Council (or blanket R-CG zoning). While this remains a part of the Housing Strategy, a final decision on its adoption has not been made. Before blanket rezoning can go ahead, specific processes must take place, which include the following:

- Preparation and mapping by City Administration
- Notifying all affected property owners
- Public engagement
- Administrative recommendation for Council, incorporating public feedback
- A public hearing of Council where Calgarians can share their views
- A final decision by Council

City Administration predicts the public hearing will take place sometime in the second quarter of 2024. This rezoning process could take up to nine months.

GST relief for new residential rental constructions

On Sept. 14, 2023, the federal government announced the introduction of an enhanced Goods and Service Tax (GST) Rental Rebate on new rental construction projects. The proposed GST Rental Rebate will provide rental housing projects beginning on or after Sept. 14, 2023, and before Dec. 31, 2030, and are completed before Dec. 31, 2035 (in addition to other satisfying conditions) with the following GST relief:

1. Increase of the existing New Residential Rental Property (NRRP Rebate) from 36-per-cent to 100-per-cent; and

2. Elimination of the existing GST phase-out thresholds for qualifying purpose-built rental housing projects (currently, no NRRP Rebate is available for any new residential rental property units exceeding $450,000).

The proposed GST Rental Rebate will supplement the city's Housing Strategy and its incentives for developers to invest in residential rental development projects. More information on the GST Rental Rebate and its application can be found here.

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