

**Planning Tools for Private Affordable Housing: Considerations for
Winnipeg**

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Abstract

Winnipeg has experienced low vacancy rates for many years (Winnipeg Realtors, 2011, p. 4). In 2016, its average vacancy rate was 2.8% (CMHC, 2016a, p. 1). The lack of rental units can be attributed partially to an increase in population growth. Between 2008 and 2018, 20,000 immigrants are expected to have arrived in Winnipeg each year (CCPA, 2012, p. 14). In addition, the average family size has decreased over the last decade requiring additional housing; more units are now being occupied by single people and couples rather than families with children (Winnipeg Realtors, 2011, p. 18). With one-third of Winnipeggers as renters (Statistics Canada, 2011) and housing prices becoming less affordable, the city is in a housing crunch.

This practicum explores strategies that may be used to increase affordable rental housing stock supplied by the private sector in Winnipeg. It examines strategies used by other Canadian cities that may be applicable to Winnipeg.

Keywords: affordable housing, inclusionary zoning, density bonusing, linkage fees.

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Chapter One: Introduction

1.1 Background

Winnipeg Realtors (2011) reports that Winnipeg has experienced a low vacancy rate for many years (p. 4). In 2013, the Canada Mortgage and Housing Corporation (CMHC) (2013a) reported that the average vacancy rate in Winnipeg was 1.2% (p. 1). This rate has since improved to a much healthier 2.8% (CMHC, 2016a, p. 1). This is a slightly unhealthy vacancy rate, compared with the 3% that the Federation of Canadian Municipalities (FCM) (2012a) suggests is ideal (p. 9). The rate has improved in recent years due to an increase in rental stock and more families moving toward home ownership, but there is still a high need for affordable rental units (CMHC, 2016a, p. 2).

According to the FCM (2012a), one-third of Canadians are renters (p. 4). The 2011 Census (Statistics Canada, 2011) reported that the rate in Winnipeg was similar to the national average. If roughly one-third of Winnipeg's households rent, the low vacancy rate for affordable units is having a serious impact on the ability of many Winnipeggers to meet their housing needs. In Winnipeg, 28,785 households are in *core housing need* (CMHC, 2011, p. 1), meaning that their housing is not adequate, suitable, and/or affordable.

The low vacancy rate can be attributed partially to an increase in population and to an increase in home ownership costs. The Canadian Centre for Policy Alternatives (CCPA) (2012), an independent non-partisan research institute, states that between 2008 and 2018, 20,000 immigrants are expected to arrive in Winnipeg each year (p. 14). Additionally, in 2011 Winnipeg Realtors stated that the average family size has decreased over the last decade (more people are living as singles or couples rather than in households with children) creating more demand for housing (p. 18).

Another factor contributing to the lack of rental stock is an increase in condominium conversions. Condominium conversions occur when an apartment building in the rental market (or house) is divided from a single-ownership title into many. The process allows for individual units to be sold rather than selling the entire building, and takes rental units out of the market. According to the CCPA (2012), 5,473 units in Winnipeg were converted to condominium between 1992 and 2009 (p. 8). Between 2008 and 2009, 250 rental units were converted (p. 4). There are some protections afforded to tenants affected by condominium conversions. According to the Residential Tenancies Branch (RTB) (2017), if a tenant chooses to move, they should be given up to \$500 towards moving costs. If a tenant chooses to stay, they are permitted to stay as renters for at least two years or as many years as they rented before receiving the notice of condominium registration. Tenants must also be allowed the opportunity to

purchase the unit at the same price the owner would sell to the public (Government of Manitoba, 2014). Other Canadian cities have more strict regulations for condominium conversions. According to the CCPA (2012), as of 2012, Victoria, Vancouver, Kelowna, and Ottawa did not permit condominium conversions when the vacancy rate falls below a certain defined percentage (p. 8).

High demand in the resale housing market, like that experienced in Winnipeg in recent years means that many people are renting longer. In Winnipeg, housing prices rose by 4.4% for condominiums and 7.1% for detached houses over a period of one year (Royal Le Page, 2015, p. 31-37).

According to the CCPA (2012), the rise in housing prices combined with limited supply in the resale market, persistently low rental vacancies, and rising rents will result in an increase in demand for modestly priced apartments and row condominiums (p. 1). This drives housing prices up further making housing even less affordable (Winnipeg Realtors, 2011, p. 21). The lack of affordable rental housing also means that more Winnipeggers are renting at a higher rent than they can afford. According to CMHC (2016a), 10.3% of Manitoba renters are living in core housing need (p. 1).

1.2 Research Questions

The purpose of my study is to find practical ways to encourage construction of affordable rental units by the private sector. My research questions are:

1. What policy initiatives are other Canadian cities using to encourage the production of affordable rental housing?
2. What obstacles or problems could be faced in the process of establishing and implementing policies to increase affordable rental housing in Winnipeg?
3. How could the obstacles faced be addressed? What modifications, if any, would be needed to make them successful in the Winnipeg context?

1.3 Importance of Study

This research come at a time when Winnipeg is struggling to appropriately house its residents. As the population of Winnipeg is expected to grow, there is a need to examine potential planning tools that could be used to increase the affordable housing supply.

It is anticipated that the findings of this research will contribute to the planning profession, scholarly literature, and hopefully have an impact on housing policy in Winnipeg. While there is scholarly literature on the planning tools examined, most of it is applicable to large, high growth municipalities. The research in this practicum is applicable to Winnipeg and to similarly populated municipalities in Canada.

1.4 Assumptions and Limitations

There are some limitations associated with this practicum. Firstly, the planning tools that were examined were found through online searches and selected based on the author's judgment. It is possible that there are planning tools that exist that are unknown to the author and may have been more appropriate for Winnipeg.

Second, the interviews also had some limitations. Participants were selected based on the recommendations of the examining committee and those known to the author. Unknown portions of the population that may have been knowledgeable may have been excluded. Also, due to time constraints, some participants were excluded.

Third, current scholarly research discusses the use of planning tools primarily in large, high-growth cities. Little to no literature exists that discusses the selected planning tools in smaller or slow-growth cities.

Fourth, the author is employed in the real estate management and development industry. This may have created some biases in the research and also in the choice to focus on the private sector.

Finally, this research explores only the issues regarding increasing the supply of affordable housing produced by the private sector. The research does not explore increasing social housing, the role of non-profit rental housing, affordable home ownership programs or poverty reduction.

Chapter Two: Research Methods

2.1 Introduction

The research was done with a qualitative focus. Qualitative research according to Given (2008), is made “to explore the human elements of a topic, where specific methods are used to examine how individuals see and experience the world” (p. xxix). The human nature of qualitative research is important for my research due to the focus on experiences and perceptions of current policy and procedures in affordable housing. Qualitative research methods were used rather than quantitative research methods because for this research, it is more important to gain an understanding of current perceptions of affordable housing policy and create discussions around possible tools rather than creating a study that measures and generalizes a human issue that is difficult to measure. The research methods used were precedent studies and semi-structured interviews informed by a literature review.

The first task was to complete a literature review on planning tools that have been commonly used to encourage affordable housing and where they have been used. For the precedent studies, a review of affordable housing planning tools in Canadian and American cities was completed to determine which cities have the best practices and which cities have similar contexts to Winnipeg.

After the literature review was completed, semi-structured interviews were conducted with Winnipeg stakeholders. A short document explaining the planning tools researched and their benefits and disadvantages was provided before the interviews (see Appendix D).

2.2 Data Collection Procedures

Data was collected through individual semi-structured interviews. The interviews were conducted in Winnipeg as that was the location studied. There were two sets of interviews. The first set was with stakeholders in housing construction and property management to determine their feelings and experiences about current housing policy. They were also asked about changes they would like to see in housing policies. The second set of interviews was with planners and policy makers to determine what housing policy changes are possible and to inform them of the suggestions made by developers.

Individual interviews allowed the researcher to maintain the anonymity of interviewees, and to prevent potential negative interactions if the interviewees are competitors or if there were conflicting viewpoints. For Zeisel (2006) interviews can be used “with individuals to find out in depth how people define a concrete situation, what they consider important about it, what effects they intended their actions to have in the situation, and how they feel about it” (p.

137). I used insight from the literature review to develop questions that sought to discover the policies that the interviewees believed are most important and possible. I used open-ended questions to gather the most information possible (see Neuman, 2000, p. 461). In order to gain further insights into the issues, I used probes (Zeisel, 2006, p. 156).

Semi-structured interviews were used because the method allows for consistency as all interviewees were asked a common set of questions. It also allowed for flexibility to deviate from the list of questions or probe further into the interviewees' knowledge and experiences.

The interviews were taped and transcribed at a later date. This allowed the researcher the freedom to not take notes so they could concentrate on the questions; it can also make the interviewee less nervous. Interviewees were also made less nervous by making sure they had a full understanding of the consent process. Furthermore, after the interviews were transcribed the transcripts were emailed to the interviewees to allow them the opportunity to remove any information they may have been uncomfortable sharing or that they feel identified them.

2.3 Data Analysis Procedures

Validity in qualitative research refers to whether the findings of a study are true and certain. True in the sense that research findings accurately reflect the situation, and certain in the sense that research findings are supported by the evidence. Triangulation is a method used to check and establish validity by analyzing a research question from multiple perspectives (Guion et al, 2011, p. 2).

The research involved determining the feasibility of each planning tool so gathering information from a variety of sources including reports, articles and interviews was essential. A variety of sources allowed the researcher the ability to triangulate the data to ensure its validity. The data analysis procedure began by transcribing the interviews.

Transcribing allows the researcher to slowly go over the data and to determine what the initial codes will be. Neuman's (2000) coding technique was used to analyze the data to find patterns and themes. Coding was completed by creating separate text documents that contained quotes around similar themes. Like Neuman (2000), the coding was completed in several steps. The first step was open coding in which the data was organized into themes. It required several readings to organize everything properly. The second step was axial coding which focused on the themes generated to find relationships. The third step was selective coding where the researcher looked at the themes and compared them to older codes and initial readings. Transcribing and coding the data ensured the

validity of the data and ensured that the researcher did not pick and choose select quotes to fit the research questions.

The transcription was analyzed using literal reading (Mason, 2002, p. 149). Literal reading was used as it allowed for the identification of what interviewees actually said without any inferring on the part of the interviewer as that may skew the results. Literal reading allows for the identification of common themes across all interviews.

Chapter Three: Literature Review

3.1 Introduction

The intent of this literature review is to examine the extent of the research about supply issues of affordable rental housing and the planning tools available to encourage the development of affordable housing. The review is restricted to examples from Canada and the United States.

The literature review is divided into two sections *affordable housing* and *policy tools*. The first section explores the definition of affordable housing, its significance and rent control as a regulatory method to preserve affordability. The second section, possible policy tools explores planning tools used by regulatory bodies that have been used to encourage the private development of affordable housing.

3.2 Affordable Housing

CMHC (2016b) defines affordable housing as suitable and adequate housing where no more than 30% of household income is spent on shelter (p. 1). *Suitable and adequate* are significant terms when defining affordable housing. If the housing is more than 30% of a household's income and not adequate or suitable, then the household is in core housing need (CMHC, 2016b, p. 1). CMHC (2016b) defines *adequate* housing as being in good condition and not needing major

repairs; *suitable* refers to the appropriateness of the housing unit's size and whether it has enough bedrooms according to National Occupancy Standards requirements (p. 1).

From 2006 Canadian Census data, the Conference Board of Canada (2010, p. 24) determined that over the previous fifteen years, housing affordability had worsened for all Canadians. At that time, there is a significant shortage of affordable housing in Canada which it attributed to high development costs. In order for developers to recover costs and make a profit, they must build for the upper and middle quintiles. Furthermore, the Board noted that approximately 25% of Canadians have experienced a period of housing un-affordability and that figure is expected to rise. Rents had risen faster than the cost of living and tenants were spending far more than 30% of their income on rent. This problem is most pronounced in cities. According to Mikkonen and Raphael (2010), the average shelter costs in Vancouver in 2010 was 43%, 42% in Toronto and 36% in Montreal. More alarming is the proportion of people who were spending over 50% of their income on housing, putting them at risk of homelessness (22% in Vancouver, 20% in Toronto and 18% in Montreal in 1996) (Mikkonen & Raphael (2010), p. 225).

According to Maier (2006), there have been some significant policy changes that have affected the ability of Canadians to find affordable housing. Canada and

many provinces terminated social housing programs during the 1990s and some provinces reduced and tried to remove social assistance (p. 4). Cohen (2011) states that while social assistance may not be generous, it has a measurable impact on well-being (p. 1). The lack of affordable housing has impacts on a large number of Canadians and these impacts will increase for Canadians as social programs are reduced and even shut down. Additionally, research reported by the World Health Organization (2008) shows that a lack of affordable housing has impacts on other aspects of the lives of Canadians, including health, and the ability to pay for other living expenses (p. 66).

3.3 The Importance of Affordable Rental Housing

The impact of the affordable housing shortage on health has been studied extensively and Carter and Polevychok (2004) note the observable associations (p. 14). According to Moloughney (2004), the association between housing and health indicates the two are related statistically. If a variable changes, the other will also but this does not mean the change in one variable is causing the other to change (p. 19). He gives the following example:

Home ownership is associated with better health outcomes. It has been proposed that home ownership may give a greater sense of control and pride in one's home, leading to improved health. However, it could also be that homeowners are relatively wealthier than renters, better educated, have healthier behaviours, are not exposed to the stress of apartment living or public housing complexes, live in better neighbourhoods, etc. Some of these other explanations, such as socioeconomic status, are extremely powerful drivers of health status. Unless they are adequately

assessed and controlled for, it is not possible to determine whether a particular association represents a causal relationship. The distinction between association and causality is of critical importance, since only an intervention against a causal factor will be able to influence the desired outcome (p. 19).

Additionally, Maier (2006) observed that “homeowner wealth continues to rise while home renters face increasing disparity as Statistics Canada reported an increase in homeowner wealth from 29 times in 1984, to 70 times in 1999” (p. 4). With more wealth, homeowners have a better ability to afford healthy food, access better education, and services which also impact health. According to Cohen (2011), those living in unaffordable housing are more likely to describe their health as “fair” or “poor” than those living in housing they can afford. They are also more likely not to fill prescriptions or pursue health treatment (p. 2).

However, Carter and Polevychok (2004) cite Wilkinson's *Poor Housing and Ill Health* and Mullins' *The Links Between Housing and Nine Key Socio Cultural Factors* as studies that have failed to determine whether or not bad health and bad housing are connected despite the association (p. 14). It is clear that there is room for more research to determine if poor housing does cause poor health. If poor housing does in fact result in poor health, then there are clear impacts to all Canadians and both health and housing policy will need to be seriously revised to reflect new research.

Moloughney (2004), argues that discussions about housing can be divided into three areas, *house*, *home* and *neighbourhood*. The *house* represents the physical aspects of housing such as the structure, design, and air quality. The *home* represents the psycho-social aspects of housing such as feeling secure, having control and permanence. The *neighbourhood* represents the availability and proximity of services such as schools, health care and recreation (p. 13).

Moloughney 's (2004) three categories make it easier to see how each has impacts on health and the evidence that supports the links. The *house* had the clearest relationship to health. He cited the 1999 studies of Hwang that showed evidence of health impacts when a variety of physical exposures are present in a dwelling unit. The studies show strong evidence that there is a link between poor health and the presence of lead, radon, asbestos, dust mites, and cockroaches. There is *some* evidence of poor health due to formaldehyde, mold, volatile organic compounds, overcrowding and floor level. Finally, there is *weak* evidence that electromagnetic fields contribute to poor health (cited by Moloughney, p. 20). Research about the impact of *home* is less developed but that it encompasses facets such as income, status, and support. Although the evidence is less clear, the studies of Hiscock (2003) show that homeowners are in better health than renters (cited by Moloughney, p.26).

Houses exist within the context of neighbourhoods. Moloughney (2004) provided evidence that neighbourhood characteristics influenced mortality, school readiness, behavioural problems and childbearing. He believes many of these outcomes are directly related to community resources or lack there-of. Although there is difficulty in supporting evidence in studies done without control groups, Moloughney (2004) cited a study by Anderson et al. (2002) in which tenants were provided assistance to relocate to more affluent neighbourhoods. The study consistently showed that the relocated tenants experienced fewer behavioural problems, and improved morbidity (cited in Moloughney 2004 p. 27). Research for the Conference Board of Canada (2010) also supports evidence of neighbourhoods' impacts on health: "In 1996, the probability of males living to age 75 was 68.6 per cent in the richest neighbourhoods and only 53.4 per cent in the poorest. For females, the probabilities were 79.7 per cent and 73.0 per cent, respectively" (p. 17). Further research done at Simon Fraser University, reported by Maier (2006) showed the

prevalence of child and youth overweight in Canada is inversely and statistically significantly related to neighbourhood socio-economic status. Research found that in neighbourhoods where the socio-economic status was high that 24% of the kids were overweight, and in low socio-economic status neighbourhoods the prevalence of being overweight jumped to 35% of kids. This variation in statistics presents a link between low socio-economic status neighbourhoods, which are often deemed unsafe due to a perception of a higher prevalence of illegal activities. In areas where parents viewed the neighbourhood to be unsafe for kids to play outside on their own, many kept their children indoors where they could remain safe and in view of their parents' watchful eyes. Staying inside typically means less time for physical activity, and often kids spend more time indoors watching TV, playing video

games and surfing the Internet (Maier, 2006, p. 3).

Research also suggests that city and neighbourhood design can contribute to health. The B.C. Non-Profit Housing Association (2007) found that longer commute times can contribute to obesity in both children and adults (p. 5). As more people are forced to the suburbs and outskirts to find affordable housing, it is expected that obesity levels will rise. Carter and Polevychock (2004) found that many social housing projects are situated in less than ideal places due to political decisions and NIMBYism. These areas can include remote suburbs and industrial areas. When they are placed in industrial areas residents, may be exposed to toxins such as heavy metals (p. 14). Additionally, Watt (2002) noted that social housing found in high traffic areas which limits the number of safe areas to play outside and may expose children to benzene (found in gasoline) (p. 16).

The Conference Board of Canada (2010) states that when housing is unaffordable, those with low incomes must choose between housing and other expenses. They may need to settle for poor quality housing or reduce spending on food or medication (p.12). He further states that:

among the essentials of food, clothing, and shelter, shelter costs are the highest. A typical Canadian household spends 50 per cent more on shelter than on food and over five times more than on clothing. In fact, the high cost of good-quality shelter may constrain non-shelter expenditures in ways that negatively affect health. If shelter costs are exceedingly high, a household may not have enough disposable income left to afford good food, quality daycare,

educational opportunities, and the social and physical activities required to sustain personal health. In the worst-case scenario, a lack of affordable housing may result in homelessness (p. 12).

Additionally, research has determined that “housing un-affordability negatively affects Canadians' health which reduces their productivity, limits national competitiveness, and indirectly drives up the cost of healthcare and welfare” (Conference Board of Canada, 2010, p. 5).

It is clear that housing affordability issues have impacts not only on those who cannot afford housing, but all Canadians. However, despite the convincing evidence of a significant relationship between housing and health, medical and government agencies rarely coordinate initiatives for improving health in tandem with initiatives to improve housing (Carter & Polevychok, 2004, p. 14). Mikkonen and Raphael (2010) state that the Canadian government has a responsibility to provide housing because it is clearly a prerequisite of health. Also, Canada has signed international agreements guaranteeing shelter but Canada is often identified by international authorities such as the United Nations for not following the agreements (p. 32). They (2010) suggest policy solutions as a way to solve the problem. Housing policy, they argue, should be linked to policies on health services, public health, and job strategy. Housing policy should ensure that affordable housing is available to all Canadians by increasing

social housing programs (p. 31). The B.C. Non-Profit Housing Association (2007) suggests forming networks of planners, health workers and housing providers as a method to find a way to combat the problem (p. 5).

3.4 Rent Control

There are three different types of rent control. According to the CCPA (2012), first generation rent control is the most extreme and has been used most often during emergencies such as both World Wars. These controls can freeze rents and do not consider costs or price for the land owners. Second generation rent control is the kind that is used in Manitoba. It is more complex than first generation rent control, generally allowing for an annual percentage increase – usually related to inflation or cost of living. Often, certain types of housing, such as single-family dwellings, newly constructed multi-family buildings, or those targeted to higher income groups are exempt. Third generation rent control is based on tenure. Rent remains fixed as long as the tenant remains in the unit but can be adjusted after they move (p. 5).

Landlords often cite rent controls as the reason for the lack of creation of new rental units. LaFleur (2011) states that preventing landlords from charging market rate rents leads them to skimp on repairs and maintenance. It also removes the incentive for construction of new units. This leads to an under-supply of rental

units, which can only be corrected in the long run by rationing or higher prices (p. 1).

However, in provinces where there are no rent controls for example, Saskatchewan, there are also few rental units being created. MacKinnon (2008) suggests that high costs of construction are most likely the actual reason. When rental units are built, they are often high-end to avoid rent control (p. 2). Middle and low-income rental units are not being built. (Winnipeg Realtors, 2011, p. 7).

Kris Mailman, CEO of Broadstreet Properties (cited by McNeil, 2009) also says that it is construction costs, not rent controls, that determine whether new rental units get built. Because Broadstreet does all its own construction and uses wood-frame construction rather than the more costly masonry construction, it is able to keep its costs low enough to make the building of rental units economically feasible in Winnipeg, he explained (as cited by McNeill, 2009). Additionally, rent control does not apply to new buildings or units renting for \$1455 or more (Residential Tenancies Branch, 2016).

3.5 Inclusionary Zoning / Housing

Inclusionary housing programs are programs that use development regulations to encourage or require developers to provide affordable housing in their projects

(Wellesley Institute, 2010). They are urban planning policies that require a share of new housing (e.g., 10 per cent to 20 per cent) to be affordable to low-income people. Municipal governments use this type of policy to increase the affordable housing stock and encourage the development of mixed income communities (Conference Board of Canada, 2010, p. 47). According to Drdla (2010), inclusionary zoning programs can be divided into two different kinds, *mandatory* and *voluntary*. Mandatory programs require affordable housing as a condition of development approval. The governing body may provide a concession in return. Voluntary programs use incentives such as expedited permits in order to encourage affordable housing in a development (p. 3).

Drdla (2010) also separates inclusionary zoning programs into *negotiable* and *fixed* types. In most United States' programs rules that determine the amount of required affordable housing are inflexible – they are not up for negotiation. This ensures developers are treated equally. There are a few programs that offer negotiable amounts of housing to provide governments with greater flexibility (p. 3).

The Wellesley Institute (2010) states that inclusionary zoning was first introduced in the 1970s in the United States and is now used in approximately 12 states. Canadian cities, such as Vancouver, Montreal, and Toronto have also developed

inclusionary zoning programs but they are more limited in scope than those in the United States and have also been less effective.

Although Vancouver and Toronto have inclusionary zoning policies, they are only voluntary, and the municipalities do not have the authority to enforce them.

According to Drdla (1999), voluntary inclusionary zoning programs produce significantly less housing than mandatory inclusionary zoning programs (p. 8).

The only province that has legislation that would allow mandatory enforcement of inclusionary zoning is Manitoba but no policies have yet been put in place (Wellesley Institute, 2010).

As stated by CMHC (2000), inclusionary zoning policies are inexpensive for regulatory bodies to implement. Additionally, they have significant potential to produce affordable housing when the programs are mandatory (p. 2).

Inclusionary zoning policies have also created affordable housing units in places where the private sector would not normally build them (CMHC, 2013b)

According to the Wellesley Institute (2015), inclusionary zoning programs hurt development. They argue that developers will increase their prices, or only develop where no inclusionary zoning programs exist. Additionally, the

effectiveness of inclusionary zoning policies decreases in places with little growth and smaller projects (CMHC, 2000, p. 2).

3.6 Linkage/Exaction/Impact Fees

Linkage fees, also known as exaction fees or impact fees come from programs that require developers to contribute fees towards public services (such as a park, or affordable housing). Nothing is given in exchange (Drdla, 1999, p. 40). In many provinces, there is legislation preventing developers receiving a concession for contributing fees (Altus Group, 2010, p. 14). In many places, linkage fees are used as an alternative to mandatory inclusionary zoning (CMHC, 2012). The Altus Group (2010), a real estate consulting group, is highly critical of linkage fees due to the cost of fees to developers and home buyers. It equates them to a 'sin tax' and thinks they discourage development (p. 14).

Linkage fees are used by governments to offset the impact that certain developments have on communities, cities, and regions. These new developments create jobs (often low paying) and attract people to the area, the money is used to house the people the developments attract (Drdla, 1999, p. 64). When the fees are used to provide affordable housing, they are put into a trust and used in combination with other sources to finance non-profit and low-income rental housing (Drdla, 1999, p. 64).

Linkage fee programs exist in the United States in San Francisco, Boston, some counties and municipalities in California, and New Jersey. In Canada, they exist in Vancouver, Richmond, Whistler and Banff (CMHC, 2012).

Linkage fees can provide benefits to governments as they produce the revenues that would be needed to provide affordable housing, especially with the decline of federal support (CMHC, 2012). Additionally, they allow municipalities to have an impact on the location and construction type of the affordable housing provided, (CMHC, 2012).

There are some challenges that municipalities face in using linkage fees for affordable housing. According to CMHC (2012), unless there is legislation allowing linkage fees for affordable housing, governments cannot use them to provide affordable housing and often face court battles if they try to. As the fees are often quite high, it is often in developer's interests to challenge the fees in court. Additionally, charging linkage fees are only practical in larger cities with sustained growth in the commercial sector. During economic downturns, the fees can discourage growth and reduce tax revenues. This can be solved if those in charge of fee programs are sensitive to the real estate market and are able to amend policy as necessary.

3.7 Density Bonusing

Density bonusing is a zoning tool used by municipalities to encourage the private sector to build affordable housing in exchange for allowing what the municipality normally would not allow in a standard building. According to Drdla (1999), density bonusing allows builders additional developable space (such as increased height and floor area) in exchange for a needed service (such as a public park, or affordable housing) (p. 55). Density bonusing is a voluntary measure (Curran, 2008, p.31). According to Conference Board of Canada (2010), when it is used for affordable housing, a portion of the building is used for affordable or supportive housing and in exchange, the developer is allowed to build more floor area. The proportion dedicated to affordability is set to allow revenue from market rate units is higher than the loss from the affordable units (p.48). The developer will have an increased profit from building the affordable units. Additionally, municipalities can expect an increase in property tax revenues and an increase in housing without using public money. According to the Altus Group (2010), density bonusing is seen as win-win for developers and municipalities -- developers get a higher return and cities gain a resource without spending money (p. 12).

Density bonusing is different from inclusionary zoning. Inclusionary zoning is usually associated with low density suburban development. Density bonusing is

usually associated with high rise urban development (Drdla, 1999, p. 57). It is often included in inclusionary zoning policies, however. Of US inclusionary zoning projects, 94% have included some form of density bonusing (Altus Group, 2010, p.12).

Density bonusing is usually most successful in higher density neighbourhoods as additional floors added to buildings do not have as much impact on the character of neighbourhoods. In lower density neighbourhoods, when higher density buildings are added the streetscape may be changed significantly. Projects in these cases are also more likely to meet resistance from residents due to perceived issues such as safety and character (Altus Group, 2010, p. 12)

Many municipalities that use density bonusing do so on an ad-hoc basis. There are few cities that have established density bonusing programs. Density bonusing types are distinguished based on how the bonuses are given (negotiated vs as of right) and their uses (commercial vs residential) (Drdla, 1999, p. 56).

According to Drdla (1999), *as-of-right* density bonusing programs have established rules and limits usually embedded in zoning bylaws. This type is primarily used in American municipalities. The policies identify what amenities

are eligible for bonuses and how much additional density can be given in exchange (p. 56). The requirements may also include design standards for the amenities. The parameters of the program are usually contained in the community plan (desired amenities are also usually found there) and the regulations and conditions in the zoning bylaws (Altus Group, 2010, p. 12). As-of-right programs have not notably increased affordable housing (Drdla, 1999, p. 56).

Canadian programs usually are negotiated site-by-site. CMHC reports that the “use of bonuses through site specific negotiations has been very successful. This approach apparently works because the bonuses can be tailored to the opportunities arising on a particular site and in particular market conditions.” (Drdla, 1999, p. 70).

Commercial density bonusing is most often used in office projects that provide public amenities, mixed use buildings or the payment of fees for the production of off-site projects. This is slightly different from linkage fees. Linkage fees are always mandatory and do not offer any sort of bonus as a way to offset expenses (Drdla, 1999, p.70).

Residential density bonusing is used in a few cities in the United States to secure affordable housing, for example Seattle, Miami, Orlando, and Tampa (there is also a program in Hartford for market rate housing). Of all these programs, Drdla (1999) only deemed Seattle to be successful. Originally Seattle and Hartford planned on using linkage programs but faced legal challenges from developers (p. 70).

In Canada, density bonusing has been used to secure land for affordable housing. Occasionally fees are accepted in lieu (Drdla, 1999, p.70). Density bonusing uses mechanisms that are similar to those used in incentive-based inclusionary zoning. There are very few residential density bonusing programs (Vancouver, Calgary). There are residential density bonusing programs in Vancouver, Burnaby, and Toronto. Nineteen new units were created in Burnaby and 46 units were created in Vancouver (Conference Board of Canada, 2010, p.47). The only incentive based program in the United States is in New York City. “The lack of residential bonus programs can probably be explained by the conditions in most American urban areas. Because few are attracting new market housing, offering the right to build more housing generally would have no value.” (Drdla, 1999, p.70).

Burnaby introduced its Community Benefit Bonus Program in 1997 (Altus Group, 2010, p.12). The program only applied to the town centre which is zoned multi-

family and could support increased density. The first project to use the program was approved a year later. The program allowed developers to produce amenities or affordable housing on- or off-site. In 2006, a cash-in-lieu option was added of which 20% was assigned to housing. Once constructed affordable units are then turned over to the city and managed by a non-profit. (Altus Group, 2010, p. 12) The program has raised 1.75 million for affordable housing (Conference Board of Canada, 2010, p.47).

Unlike Burnaby, Golden, BC is a small town of 3800. The town is primarily single-family detached homes that are owner-occupied. The town recognized its lack of affordable housing in the early 2000s and in 2006 approved a density bonusing program. In 2007, the first project was developed. Infill was permitted on a large lot with an already existing four-plex. Depending on how many units there was a sliding scale that determined costs the developer had to pay and include additional units (Altus Group, 2010, p.4).

Municipalities often use density bonusing and have a structured policy set in place to administer the programs and usually for the provision of public amenities such as parks. Occasionally density bonusing is offered on a case by case basis. Only occasionally is it used to provide affordable housing (Drdla, 1999, p. 71).

Where bonusing has been negotiated and based on specifics of the site and context, the programs have been successful but when they have been program based they have not been successful and not created any significant amount of affordable housing (Drdla, 1999, p. 71).

Toronto is the only Canadian city to use density bonusing to provide affordable housing. There is no formal program, each project is negotiated separately (Drdla, 1999, p.71).

When a developer applies for a density bonus, there is the potential for a large number of affordable housing units to be produced (CMHC, 2000). Additionally, the units are provided at no loss to the developer or cost to the municipality while using land more efficiently (Curran, 2008, p.31). According to CMHC (2000), density bonusing also requires little involvement from the municipality and can be used to increase density when desired for planning purposes.

Density bonusing does have some challenges. Because it is voluntary, it will not work where developers are not interested in affordable housing or creating higher density buildings (CMHC, 2000). Additionally, it might face challenges in lower density neighbourhoods and may be difficult to manage (Curran, 2008, p. 31).

There also may be challenges from the public if too much discretion is left to government officials who make “deals” with developers (CMHC, 2000).

3.8 Grants, Subsidies, and Waivers

Jino Distasio and Marlene Spletzer (as cited by McNeil), have suggested that in order to increase rental units the Federal and Provincial Government need to offer subsidies to offset the cost of construction for new rental units. They also need to encourage mixed-use and mixed-income buildings (McNeill, 2008). Winnipeg Realtors (2012) has suggested a number of ways to offer subsidies. One possibility is to provide Provincial Sales Tax reductions for goods and services used in the construction of new affordable rentals. Another possibility is to provide incentives to developers for building new rental units, such as reducing tax liability in exchange for building low-income rentals. They note that the Low Income Housing Tax Credit has been around for over 20 years in the US and help fund 95% of affordable housing (p.9).

The FCM (2012a) suggests the Province could provide direct, low-interest loans to finance new rental construction (p. 15). The FCM (2012b) also recommended creating the Building Canada Rental Development Direct Lending Program (p. 12). In 2007, Saskatoon had vacancy rates that fell below the 1%. The market did not respond with more housing, so the City of Saskatoon created two

initiatives. For every new rental unit built, a \$5000 grant was available and additionally a five-year incremental tax rebate. Units in this program must remain rental units for 15 years (FCM, 2012b, p. 9).

Rather than allowing the developer to add density, the removal of fees may also be an incentive. According to Nedra Consulting (2008), Edmonton, and Grande Prairie, Alberta both have a fee waiver program to remove development cost charges. Edmonton provides property tax credits and fee rebates for building or redeveloping affordable rental housing units. Grand Prairie has a policy in place to waive fees for those developing affordable housing. Fees waived include development permits, building permits, subdivision applications and rezoning fees (p. 35).

3.9 Change of Use

While many Canadian cities are lacking in affordable housing, there is a surplus of unused commercial space. Converting commercial to residential can revitalize underused areas of the city. Increasing residential units increases the population density of an area. According to the FCM (2011), increased density is linked to more successful businesses, increased amenities and services. Higher densities and the reuse of older buildings can benefit cities by making better use of existing infrastructure while increasing taxes with very little capital expenses. It

also helps protect greenfields, available farmland, and is more environmentally responsible (p. 31).

In Edmonton, the Residential Rehabilitation Assistance Program (RRAP) is administered by the City. In addition to repair and modification grants, the City is using RRAP to convert nonresidential properties into affordable rental housing. The applicants and the City agree on a post-conversion rent and the City provides a forgivable loan of up to \$24,000 per unit. The City of Edmonton is also exploring ways to use the RRAP to redevelop brownfields and former industrial sites into affordable residential rentals (FCM, 2011, p. 13).

Similarly to Edmonton, the City of London, ON, has utilized RRAP funds to convert commercial to residential (FCM, 2012b, p. 15). The program provides up to \$48,000 per unit for up to 7 units. Additional funds are available if units are accessible. As long as conditions are met, the loan is fully forgivable. The City dictates the maximum rent that is allowed to be charged and the maximum household income of the occupant (Nedia Consulting, 2008, p. 38).

In Manitoba, the Homeowners Renovation Assistance Program (HRAP), Residential Adaptions for Disabilities (RAD), Manitoba Emergency Repair Program for Homeowners (MERPH), Rental Housing Improvement Program

(RHIP) and Rooming House Assistance Program (RHAP) programs are administered by the Province. The programs provides forgivable loans to perform necessary repairs to homes and modifications for those with accessibility issues. (Province of Manitoba, 2107). Currently, the programs does not provide any programs to assist in conversion to residential use.

Winnipeg's commercial vacancy rate in the last quarter of 2017 was 8.1% (Cushman and Wakefield, 2017, p. 2). Currently, there is no assistance in Winnipeg for zoning changes and in order to proceed; owners must apply to have the property rezoned and pay a fee of \$11,980.50 plus \$406 per acre, up to \$50,000. (City of Winnipeg, 2017).

Often zoning regulations can make it difficult to convert buildings to residential use. This can be time consuming and discourage developers (FCM, 2011, p. 17). The downtown of Windsor, Ontario had a large number of vacant commercial buildings and a need for increased residential buildings. The City of Windsor increased conversion of use by reducing application costs and time. Additionally, they designated staff specifically to the conversion applications. In 2000, the City of Windsor made changes to the Official Plan to encourage residential zoning changes to the downtown area. Applicants no longer needed to apply for minor variances and zoning amendments (p. 17).

Table 1 Planning Tools Summary Table

<p>Inclusionary zoning/housing: A policy that requires a percentage of new housing in a development to be affordable.¹ Can be voluntary with the use of incentives.²</p>	
Pros	Cons
Has significant potential to produce affordable housing, especially when it is applied on a mandatory basis. ³	Not popular with developers and builders. ⁶
Relatively inexpensive for municipalities to institute. ⁴	Effectiveness decreases in places that are not growing quickly and in smaller housing projects. ⁷
Can create affordable housing in places where affordable housing would not normally be built. ⁵	
<p>Linkage/Exaction/ Impact Fees: Are fees that are mandatory and requires a developer to contribute fees towards a public service with nothing given by the municipality in exchange.⁸</p>	
Pros	Cons
Creates needed revenues for the creation of affordable housing in the face of declining government support. ⁹	Unless there is provincial enabling legislation most municipalities cannot use development levies for this purpose or they may face lengthy court battles. ¹²
Through such fees, municipalities can have an impact on the location and construction of affordable housing in their communities. ¹⁰	Even with legislation, the setting of high fees makes it worth some developer's time to challenge the municipality in court. ¹³
The use of development levies for affordable housing reduces the need for government to pay for this social need. ¹¹	Development levies for affordable housing are only practical in urban centers that are experiencing growth, especially in the commercial sector. They are not practical during economic downturns. ¹⁴
<p>Density Bonusing: A zoning tool used by municipalities to get the private sector to build what they normally would not allow in a standard building. It allows builders additional developable space (such as increased height) in exchange for a needed service. Density bonusing is done on a voluntary basis.¹⁵</p>	
Pros	Cons
Can deliver a substantial number of affordable units when applied to larger projects, central areas and expanding Markets. ¹⁶	Will not work where developers are not interested in achieving higher densities. ¹⁹
Can be used to obtain affordable housing from the private sector with minimal municipal involvement. ¹⁷	May not be sufficient to motivate the developer to build affordable units. ²⁰
Can be used to increase densities where this is desired for planning purposes. ¹⁸	Controversial in low to medium density neighbourhoods. ²¹
<p>Notes: ¹Drdla, 2010, p. 1; ²Drdla, 2010, p. 1; ³CMHC, 2000, p. 2; ⁴CMHC, 2000, p. 2; ⁵CMHC, 2013b; ⁶CMHC, 2000, p. 2; ⁷CMHC, 2000, p. 2; ⁸Drdla, 1999, p. 40; ⁹CMHC, 2012; ¹⁰CMHC, 2012; ¹¹CMHC, 2012; ¹²CMHC, 2012; ¹³CMHC, 2012; ¹⁴CMHC, 2012; ¹⁵Curran, 2008, p. 31; ¹⁶CMHC, 2000, p. 3; ¹⁷CMHC, 2000, p. 3; ¹⁸CMHC, 2000, p. 3; ¹⁹CMHC, 2000, p. 3; ²⁰CMHC, 2000, p. 3; ²¹CMHC, 2000, p. 3</p>	

Chapter Four: Findings

4.1 Introduction

Participants of the interviews provided their opinions on the challenges they faced in providing housing or housing policy in Winnipeg and their opinions on the tools that could potentially be used to alleviate the supply issues in the rental housing market. The interviews were divided into two sets. The first set of interviews were done with developers and property managers that work in the private sector.

Property Manager (low-income housing)

Developer 1: (and property manager, legal background)

Developer 2: (finance background)

Developer 3: (land developer, planning background)

The second set of interviews were done with municipal and provincial employees that worked in planning and/or housing.

Manager City of Winnipeg: (Planning Department)

Manager Province of Manitoba 1: (Department of Families)

Manager Province of Manitoba 2: (Department of Families)

4.2 Main Themes From the First Set of Interviews

4.2.1 Stakeholders in the private sector do not want to provide affordable housing

Three of the four interviewees brought up that they did not want to provide affordable housing. One of the participants felt that it was not their responsibility to provide affordable housing. They felt that it is up to the government to provide affordable housing using money acquired from taxes. They felt that by putting the onus on developers to provide affordable housing it creates an unfair burden on them. “My job is to make as much money as possible for you and me. We both pay taxes on that money. The government has the choice to use it to provide affordable housing if they so choose” (Developer 3).

Developer 1 felt that financially, there is no benefit to providing affordable housing and even with a financial incentive, working with the government would be enough of a deterrent that they would not want to provide affordable housing.

The cost to build a standard unit and the cost to build an affordable unit are virtually the same (except for nicer finishes). So why would I choose to make the units more affordable? It would cut into my bottom line. There is no incentive for me to make affordable units. ... If the government did give me some sort of incentive to make affordable apartments, it would have to be a huge incentive. Renting to low-income people is already a hassle, involving the government is only going to make my life more difficult (Developer 1).

Property Manager spoke about the additional difficulties involved in renting affordable housing. They felt that the people that require affordable housing are unsuitable to be tenants “A lot of the people that rent affordable housing are really undesirable to have as tenants.” Property Manager felt this way because they experienced difficulty in rent collection and damage to units. “They are difficult to work with because of difficulties collecting rent and damage to units. They don’t pay the rent on time, they destroy the place, they bring in bed bugs and so on.” They saw no reason to rent to people that require affordable housing as she had no difficulty in getting reliable tenants. “Why would I rent to them when I have no problem getting good, working people to rent from me?” (Property Manager).

4.2.2 The participants feel that the rental business is heavily regulated

The participants felt that there was too much government scrutiny involved in the rental business. Some participants felt that there was added difficulty in the initial construction phases due to red tape or getting different answers from different officials. Developer 2 states that “building or even just renovating a building can be a confusing and overwhelming process. Each person you talk to at the City has a different answer or explanation for what you can or can’t do”.

Developer 1 thought that a significant amount of money can be lost due to red tape and waiting for approvals. "There is so much red tape and waiting for inspector's approval to proceed that you lose thousands in rent before you can even start moving people in." They suggested that the city should provide someone to assist developers so that the process moves faster. "You almost need to hire someone just to guide you through the city processes...If the city assigned someone to work with you to get things processed more efficiently that would be very helpful" (Developer 1). Developer 3 also thought there was a significant amount of red tape and sees value to developers in reducing it. "Anything we can do to reduce red tape is good. There a monetary value to time. With land developers there a lot of risk. Time is money. Anything to reduce time and make things run a bit smoother. (Developer 3) Developer 3 goes on to say that they have seen an increase in the amount of red tape which causes projects to take longer and cost more to produce. "I've noticed red tape is getting worse. Things take much longer and are much more expensive. Maybe because there are more complexities at play, more things to consider in approvals" (Developer 3).

Property Manager also expressed their frustrations with dealing with the Residential Tenancies Branch (RTB) "The RTB is almost impossible to deal with. They will breathe down your neck for the smallest infraction but as soon as you need their help with a problem tenant they refuse to help you." They felt that the

RTB unfairly favoured tenants over landlords. “It’s impossible to evict problem tenants. They can steal from you and cause damage and the RTB will still only give them a warning.” (Property Manager).

Developer 2 also discussed how the RTB's rent control program can be a deterrent to potential landlords and investors. “The rent control system increased at an arbitrary rate for years. We’re so far behind inflation changing the system now will never catch us up” (Developer 2). They felt that even with the allowances for new construction, rent control is still a deterrent for investors and they would get a faster return through condominium construction. “I know there are exclusions for new buildings and renovations but they will get you eventually. Anyway, it’s still a deterrent for investors. They think it’s an issue, even when it isn’t yet. They can make more money with condos and get it back way faster anyways” (Developer 2).

4.2.3 Grants and tax credits:

Several participants supported the idea of grants provided the terms were clear. They would be happy to accept government funds to provide affordable housing. “If the government was going to give us money for affordable housing I would be open to it” (Property Manager). Other participants said they would accept grants for providing affordable housing provided that the grants were given on an

ongoing basis and not just to subsidize the cost of construction. “I would accept grants from the government, depending on the terms, for providing affordable housing as long as they were ongoing. I wouldn't just want a one time grant for building it, unless I could choose to switch to regular rents after say 10 years or whatever terms we both agree to” (Developer 1)

The participants felt that the costs of construction have risen significantly. One participant mentioned specifically, the addition of Provincial Sales Tax (PST) to services related to construction. “The province has added PST to a lot of different services. First, they added it (PST) to insurance and then a few years later they added it to a bunch of services. Lawyers, engineers, architects, even electricians and other trades have to charge us PST. When you're building something from scratch the charges really start to add up” (Developer 2).

Developer 2 suggested that a tax credit be provided to produce rental housing regardless of affordability. “I don't know that a tax credit for these things would help incentivize affordable housing but just removing it from rental housing would be a big help. There's a shortage of regular rental housing too” (Developer 2).

Developer 2 also suggests reducing property taxes as a way to encourage more affordable rental housing or not charging growth fees if they get imposed in the future.

Although the participants would be happy to accept grants they would also want the autonomy to make their own decisions about the projects with little government interference. “They would also have to stay out of my business as much as possible after. I don't want to be under their scrutiny the entire time the agreement is in place” (Developer 1). Property Manager wanted to specifically have control over who they selected as tenants. “The only thing is I want to be able to have the final say on who I accept. I don't want the government to force specific people on me otherwise I am just going to get the dregs of society.” (Property Manager)

Another participant thought that although it is nice to get the additional funds, collaboration is more valuable. “Grants are good, but they also get taken for granted. They are some extra money. I think incentives work better because it shows a relationship and a partnership between the various players. It's more of a give and take, more of a collaborative approach” (Developer 3).

4.2.4 Inclusionary Zoning and linkage fees:

The idea of mandatory inclusionary zoning was not well received by many of the developers. One developer stated that if inclusionary zoning was mandatory in Winnipeg, they would no longer build within city limits. “If they made that mandatory, I would build elsewhere. The City couldn't apply it outside the perimeter. Or I would invest in something completely different”(Developer 2). Another participant did not think that the City would ever impose inclusionary

zoning but if they did, they would sue to slow the process down and hopefully prevent legislation from being enacted. “I don’t think the city would ever get the authority to impose such a regulation. It would never get the support it needs and developers would sue, just like now with the growth fees” (Developer 1).

If inclusionary zoning was voluntary, Developer 1 would have no issue with it but would not use it themselves. “I have no problem with inclusionary zoning, if it’s voluntary. I just wouldn’t do it.” They felt that the incentives normally provided in voluntary inclusionary zoning would not be sufficient to make up for the lost revenue. “Expediting permits or waiving a few fees wouldn’t cover the losses I would have over time with drastically reduced rents” (Developer 1)

Developer 3 was skeptical about whether inclusionary zoning would be successful in greenfield development in Winnipeg. Developer 3 did not think greenfields would be a suitable place for inclusionary zoning as they do not have the necessary services like transit that are needed for low-income renters.

I think it definitely does have merits but it’s quite contextual. I don’t know that it would work in greenfield areas or suburbs. If affordable housing is an issue then people want to be living close to transit or services or employment. I don’t know that living out in the suburbs you could accommodate that. We don’t have very good mass transit out to greenfield area. (Developer 3)

They also thought that it might be good to customize inclusionary zoning to different parts of the city. “I think it needs to be tailored to the various parts of the

city. We need to know more about it. Industry needs to be informed” (Developer 3).

The participants felt similarly about linkage fees. Several developers did not think it would be fair for a city to force a developer to pay an extra "tax" simply because they want to build something. Developers 1 and 2 both thought it would stifle development in the city and developers would choose to build in other cities instead of Winnipeg.

4.2.5 Density Bonusing:

Density bonusing was well liked by Developer 1. Developer 1 felt that density bonusing was the fairest way to get private developers to produce affordable housing. They also felt that this would be beneficial for government as the private sector would be more efficient and cost effective at producing new affordable housing. “I like this, this seems like the best idea. I get what I want and compensation for building affordable housing that more than covers the expense of creating it.” (Developer 1). They felt that there may still be issues if people in market rent units did not want to live near those who needed affordable housing. “The only problem might be if people in regular renters don't want to live near low-income people.” Furthermore, if he did decide to proceed with density bonusing in a project he would want a significant incentive as he feels the private

sector would be far more efficient at producing housing than the government.

“If I were to agree to this, it would be in the government’s best interest to give a huge incentive. They wouldn’t have to do any of the work and we can get it done much faster and cheaper than the government ever could”.

Developer 2 was more skeptical about density bonusing. Providing allowances for more height would not be beneficial due to the increased costs associated with producing taller buildings such as elevators or switching away from wood frame construction. “I don't think giving me something like more height would be an incentive for me to include affordable housing. I'm not building towers. Then I need an elevator and need to use steel. If I'm going to build something from nothing, it's going to be a three storey wood building.” They would consider density bonusing if the government provided the land or helped cover the increased costs of construction. “Unless the government is going to donate land to me or make up the significantly higher construction costs, this isn't going to work” (Developer 2).

Developer 3 liked the idea of using density bonusing to create affordable rental housing. As land and construction costs are increasing, getting permission to build taller or on smaller lots, adding density through building taller buildings or building on smaller lots would be beneficial.

Density is usually very attractive to land developers. As the cost of land gets more expensive and as it gets more expensive to develop. There's more obligations for developers, we're paying for more things. The only way to make a go of it is to densify. Single family lots get smaller. Multi family lots get more dense, were trying to fit more units on a particular site. Of all the tools we looked at, that would be one of the more attractive ones (Developer 3).

4.3 Main themes from the second set of interviews

4.3.1 Inclusionary Zoning:

Manager City of Winnipeg and Manager Province of Manitoba 1 thought that inclusionary zoning could possibly alleviate the pressure of Winnipeg's affordable rental housing market. Manager City of Winnipeg thought that currently there is the political will to introduce inclusionary zoning to Winnipeg's bylaws but as the mayoral election is next year it would unlikely occur until after. "I think it's possible to do it. There is more political will to do it then there has been in the past. And you're not going to see inclusionary zoning introduced right before an election" (Manager City of Winnipeg). He also did not think it would be a good time to begin discussions on inclusionary zoning as impact fees were just introduced. "Impact fees were also just introduced and the development community is still stinging from that" (Manager City of Winnipeg). Manager Province of Manitoba 1 thought inclusionary zoning would be more successful than the current programs for affordable housing as affordable rental housing would be added to all projects and not just concentrated into specific areas. "The preferred method would be inclusionary zoning and the kinds of practices that

institute affordable housing into every project as opposed to large one off capital infusions” (Manager Province of Manitoba 1).

Manager City of Winnipeg also thought that although inclusionary zoning would be successful in creating additional affordable housing. “Is still a very controversial topic. From a government perspective it’s great. Then we can force developers to add affordable units so that we don’t have to. I think it is possible to do it” (Manager City of Winnipeg). They also thought that because of the controversy surrounding inclusionary zoning there would need to be stakeholder discussions.

If inclusionary zoning were to be introduced, there would have to be discussions with the development community prior to its introduction and attempts made to reduce any negative financial impacts. ... To do it right we need to have a very transparent dialogue with developers about where it might apply and what might be the impact of that on development. And try to minimize the negative impact” (Manager City of Winnipeg).

There would also need to be considerations on how in would be set up or if there would be a cash in lieu option which would allow developers to pay into an affordable housing fund instead of including it in their projects. There would also need to be discussions on which projects would require mandatory amounts of affordable housing. “With inclusionary zoning, the developer does not have an option. If you build whatever it is that’s regulated (maybe it’s all multi-family, maybe it’s all over 20 units) then you’re beholden to a certain number of units

that are affordable. Maybe there's a buy out option or cash in lieu. Then we could take that cash and put it towards affordable housing" (Manager City of Winnipeg).

There would also need to be discussions with the development community to explain how their projects could still be profitable. Developers presume that the affordable units have to be built the same way as the market price units. "There is an assumption that if you add affordable units to a building that the developer isn't going to make any money, they might even lose money and so they are going to have to increase the cost of the market housing to offset that loss."

(Manager City of Winnipeg). Through discussions developers could be educated on ways to offset the costs of inclusionary zoning.

They could potentially be smaller or in the basement or be made with cheaper materials. But the affordable units don't have to be as large as the market units and they might not have the same view and build as the market unit. Nothing regulates that or restricts them from doing that. That's part of the discussion we can have with developers. (Manager City of Winnipeg)

There could also be discussions about where in the City inclusionary zoning may be applied or what kinds of projects may be impacted. "We can talk about where it applies. Does it apply city wide? That affects the infill, increase in density that we want to see. Or does it only apply to new developments which gives a bit of an incentive to build more in the established areas" (Manager City of Winnipeg).

Manager Province of Manitoba 2 was more skeptical about the potential success of inclusionary zoning. “I think it has its place. I believe the city has those powers but are not currently implementing it. There has to be political will on the municipal side. I’m not sure that exists or the reasons it doesn’t exist.” (Manager Province of Manitoba 2) He further elaborates that when he looked at doing something similar in the past there was limited interest. “I know in the past, when we have looked into targeting some large suburban land tracts and partnered with developers. When we looked at trying to develop some parcels of land and provided some incentives to include a certain number of affordable units the interest was very limited (Manager Province of Manitoba 2). They also thought there would be resistance from developers due to perceived red tape or negative perceptions or low income tenants. “I think there is a lot of resistance or reluctance by for profit developers to get into that. It could be their view of red tape or some of the bureaucratic hoops they have to jump through they may not want to have “low-income people” in their developments” (Manager Province of Manitoba 2).

4.3.2 Density Bonusing:

Manager Province of Manitoba 1 thought that density bonusing would work but that if it was used, it would further stigmatize affordable housing. Combining affordable housing with increased density would make affordable housing even less desirable and more difficult for others to accept. “I think so (that it would be

successful), but I think it compounds the problem of NIMBYism. If you're looking at both density and affordable housing, people seem to have problems with both. If you put them together it will make it even harder" (Manager Province of Manitoba 1).

Manager Province of Manitoba 2 and Manager City of Winnipeg thought that it would not work or only work in specific areas of the city. Winnipeg is not a high growth city and density bonusing tends to be more successful in high growth areas. "I think it's probably good to have it as an option. Winnipeg is fairly slow growth, it's not a high growth or fast growth community. There's nothing around us, there's room to expand. The growth pressures aren't the same as Vancouver or Toronto" (Manager Province of Manitoba 2). St. Boniface is a higher growth area than other areas in Winnipeg so there is the potential for density bonusing to work there. "Density Bonusing only works when developers are hitting that limit. So it will work in a few cases, a few isolated cases such as St Boniface where developers want to build more than what density currently allows for. Density Bonusing might be effective there. I think developers would certainly pay attention to that" (Manager City of Winnipeg). In other areas, they did not think that density bonusing would be successful as they are already pushing for them to build more densely without success. "In other areas, we are actually pressuring them to build more. Density Bonusing is meaningless in that situation. Density Bonusing works fantastically in Toronto and Vancouver

because people are paying a fortune for the land and they want to develop it to the maximum capacity. That's not true here, not yet. In certain areas, it could be effective. City wide it wouldn't have an impact" (Manager City of Winnipeg).

Manager City of Winnipeg felt there were other issues with Density Bonusing. Although it is currently allowed in legislation, additional steps need to be taken. "Both Density Bonusing and inclusionary zoning are allowed in provincial legislation but we have to tick that box to enable it within the city. We have to add it into our zoning bylaw. We have to identify that it can be done, we have to define affordable housing, we have to put all the provisions in for example, is there a provision for someone to buy out." (Manager City of Winnipeg)

Additionally, there may be planning issues created by increasing density more than what was intended. "If you're giving a density bonus then if the densities are set in planning, if you're giving a bonus you are compromising or potentially compromising the integrity of the neighbourhood. We have to be somewhat cautious of that. It doesn't mean that a neighbourhood is going to fall apart if you add one more floor to a building, but the neighbours might not be happy" (Manager City of Winnipeg). However, if it were to be implemented it would not cost the City any money to do. "Density Bonusing does not cost us money to operate (Manager City of Winnipeg).

Manager City of Winnipeg overall saw value in both inclusionary zoning and density bonusing depending on the situation. “Density Bonusing is a carrot, inclusionary zoning is a stick. With Density Bonusing the developer has an option to increase density but if they do, they have to provide X% of the additional units as affordable. They could turn it down and says that’s too big of a concession, I’m going to let it go. Otherwise, we can do that right now if we have funding in the project but there’s a lot of private development that we don’t have funding in” (Manager City of Winnipeg).

4.3.3 Grants:

Participants thought that grants would be a good way to successfully produce more affordable rental housing but they can require a significant amount of money. “The issue with grants are that they are a costly form of assistance. They have proven to be effective. Since 2009/10 we have added 1600 affordable units and social housing units. We have another 150-170 units under construction. Largely done using forgivable loans or grants” (Manager Province of Manitoba 2). For the City of Winnipeg, providing grants removes money from the City’s budget that could go to more essential services. “That’s an effective way of doing it but you have to have the money available. The city has never had that kind of money. It has to come straight out of our operating budget. TIF is a possibility. Raw cash will have the biggest impact” (Manager City of Winnipeg).

4.3.4 Red Tape and Conversion of Commercial to Residential:

The participants did not think it was red tape that prevented buildings from being converted from commercial to residential. Rather it was unavoidable life safety/code issues and finding experienced professionals. “There are not that many limits to convert from commercial to residential. It has to do more with code” (Manager City of Winnipeg) Furthermore, Tax Increment Financing (TIF) would no longer be an option as property taxes would decrease. “TIF won’t work because your taxes will go down. Commercial properties are taxed at a higher rate than residential. If it’s a zoning issue, most of the zoning will already allow housing otherwise it would be code. You have to have proper entrances, egress, windows for safety. There is no way to reduce that. The Province owns the code, the City actually enforces it” (Manager City of Winnipeg). Red tape was not the only problem with converting commercial buildings into residential ones. The process also requires expertise and the ability to deal with problems discovered during the conversion process. “I think red tape is only part of the problem. I think it’s experience. I think there is a limited pool of professionals in the architectural and engineering firms in Winnipeg that truly have the experience you need to do that. Seems like a good idea but its a lot more work than it seems. You need a lot of experience to deal with the problems you can’t predict. A new build is very predictable, a conversion isn’t” (Manager Province of Manitoba 2).

4.3.5 Other tools:

Manager City of Winnipeg suggested several other tools that may help incentivize affordable rental housing. The first was reviewing applications with an affordable component first. This allows the project to move forward faster which saves money, “Speed up approval process or a prioritized approval process. Other provinces have established a program where they get priority and their application goes to the top of the pile. It gets looked at first. They have land and they have costs related to holding. They are paying taxes, maintenance. The faster they can get the development off the ground the better.” Also suggested was removing or reducing the parking requirements. Reducing parking opens up more land for more units and reduces the costs of producing and maintaining parking. “We are considering concessions on parking especially if the development is near transit. Low-income tenants are less likely to have cars so less parking is required. We normally have to have 1.5 spaces per unit. From a developer standpoint, if they can reduce the amount, that takes up a lot of land or they have to build a parking garage that’s a big expense. So that is a financial benefit and they build more housing on limited land. (Manager City of Winnipeg).

4.3.6 Other obstacles and issues:

Manager City of Winnipeg mentioned that in order to determine how much affordable housing Winnipeg requires and where it should be located, there needs to be an assessment of what is currently available.

We need a good measure of what we have right now. There's always the demand for more housing and more affordable housing but in absence of information on what's there right now it's a hit and miss guess approach to develop anything. We did just recently have a report approved by council to undertake a comprehensive housing needs assessment. That will get underway fairly soon. That will give us a measure of our housing supply and demand throughout the city hopefully by sector and affordable or market rate. Then we will have an idea of what's needed where (Manager City of Winnipeg).

Once an inventory of the current affordable housing is complete, the City can use that information to identify what is needed and how to plan to meet their goals.

“We need an inventory so that we can identify where we have shortfalls and then we can set targets to address those shortfalls. We can do that either through funding or we can do it with other methods like regulation. We can work with developers and other levels of government to encourage them to follow a plan or strategy that would come from this. In absence of any kind of strategic direction from the City, the Province or developers will place housing development wherever they want to put it. If we say we need it in a specific area or at a specific time, it might encourage them to develop programs and partner with us for programs to achieve that” (Manager City of Winnipeg).

In addition to increasing the supply of affordable housing, it is necessary to consider the costs and other issues associated with maintaining the project over its life cycle. “There needs to be more appreciation for the operations side.

Construction alone doesn't solve problems. You need to figure out how to sustain a project over the next 25 or 40 years. If we could invest more time upfront on operations then it may not be such a difficult transition” (Manager Province of Manitoba 2).

Chapter Five: Analysis

5.1 Introduction

There are some very strong differences in opinion between the first set of participants and the second set of participants. Even within each set of participants there were differences of opinion. This section will analyze the opinions of both sets of interviewees and also compare them to the literature review to determine which planning tools may be the most successful in Winnipeg.

5.2 Stigma and Affordable Housing

While the sample size was small, it is clear that at least among some developers and property managers there is a stigma associated with affordable housing. Those that require affordable housing are thought of as “undesirable to have as tenants” and “the dregs of society.” (Property Manager). This perception of those who require affordable housing is a stereotype. In reality, there is a wide range of population that may require affordable housing. According to the Business and Professional People for the Public Interest (BPPI) (2004), “a lack of affordable housing negatively affects employers, seniors, poor people, immigrants, entry-level and service sector workers, and public sector professionals such as teachers, firefighters, and police officers” (p. 3). Furthermore, most residents of

affordable housing are most often employed or are seniors (Placer Community Foundation, 2016).

Additionally, affordable housing actually reduces the concerns property managers are worried about such as crime and negative property values. The National Crime Prevention Council states that affordable housing lowers crime levels because “neighbourhood cohesion and economic stability are enhanced in areas where the continuing supply of dispersed, affordable housing is assured. (as cited by BBPI, 2004, p. 3). Furthermore, multiple cases have shown that affordable housing has no impact on the value of property and the surrounding property. MaRous (1996) states that “low-income and very low-income housing does not automatically lower the values of surrounding residential development or prevent successful market development around it”. Additionally, Housing Catalyst (2016) states that “mixed-income buildings can boost the residential real estate market”.

Although there may always be property managers and developers who do not want to work with those who need affordable housing, there are many cases or those that do and have been successful. Evergreen (2017) reports several examples of where the private sector has successfully provided affordable housing including a Winnipeg example. Kinkora Developments Ltd. In collaboration with the University of Winnipeg created 23 affordable housing units (p.10).

While these particular members of the private sector felt strongly about not wanting to be responsible for supplying affordable housing there are a number of developers from the private sector, non-profit sector, and religious community that do or may want to provide affordable housing. If it were not for time constraints it may have been helpful to get a larger sample of private sector developers or to interview developers in the non-profit sector. The developers interviewed are also from the same demographic. Interviewing a more diverse group of people may also have resulted in more diverse answers. Furthermore, it is possible that through education, the stereotypes about affordable may be alleviated and more private sector property managers and developers would be interested in the affordable housing market.

5.3 Rent Control

Although rent control was not brought up in any of the interview questions, several of the interviewees brought up their dislike of rent control and thought they should be removed as they were a deterrent. However, rent control is necessary to prevent price gouging especially in times of low supply. Housing is a necessity and regulations are important to ensure that rent remains affordable. Conversations could take place between government and rental stakeholders to determine other ways to create exceptions for rent control.

5.4 Inclusionary zoning

Based upon the second set of interviews, it is possible for inclusionary zoning to work in Winnipeg in the future. However, it is unlikely to occur soon. Manager City of Winnipeg did not think that inclusionary zoning would be introduced right before an election or so close to the introduction of impact fees.

From the literature and the interviews it is evident that voluntary inclusionary zoning has not been a success and would likely not be in Winnipeg. Drdla (1999) states that voluntary inclusionary zoning programs produce significantly less housing than mandatory inclusionary zoning programs (p. 8). Furthermore, Developer 1 states that “if it’s voluntary. I just wouldn't do it.” Manager Province of Manitoba 2 also found that when they tried to encourage adding a few affordable units to a project with partners, they were unsuccessful. “When we looked at trying to develop some parcels of land and provided some incentives to include a certain number of affordable units the interest was very limited” (Manager Province of Manitoba 2)

If inclusionary zoning is to be successful in Winnipeg, it should be mandatory. Mandatory inclusionary zoning would require all developers to include affordable housing in their developments. Therefore all new housing projects would have some element of affordable housing and affordable housing would not just be

concentrated in a few specific areas. This would help create more mixed income projects adding diversity to communities.

Modifications to the program may also be required to mitigate the impact inclusionary zoning may have on Winnipeg. Manager City of Winnipeg suggested that may mean only applying it to new developments so that infill development is encouraged and also educating developers on how to mitigate financial losses by building the affordable units smaller or in basements. There might also be a cash in lieu option.

5.5 Linkage Fees

According to the CMHC (2012), linkage fees are most successful in high growth markets and “requires strong support from local Council and the public, including the business sector.” Furthermore, they state that unless there is legislation allowing linkage fees for affordable housing, governments cannot use them to provide affordable housing and often face court battles if they try to. Based upon the reaction the Winnipeg development community had to impact fees, there is a high likelihood that they would react similarly to linkage fees. Additionally, as Winnipeg is not a high growth city, it is unlikely that linkage fees would be successful.

5.6 Density Bonusing

Density bonusing was one of the more well received tools by developers. Both Developer 1 and Developer 3 thought density bonusing was the most attractive tool. Additionally, Manager Province of Manitoba 2 and Manager City of Winnipeg also thought it could be good to have as an option. However, Manager Province of Manitoba 2 was skeptical that it could actually work as Winnipeg is not a high growth city. Manager City of Winnipeg also said that the City of Winnipeg has already pressured developers to build more dense but has had little success. This could be partially attributed to the additional costs to build more floors and to changing construction methods to building taller. However, Manager City of Winnipeg thought that density bonusing may be successful in a few areas in Winnipeg such as St. Boniface. They stated that in St. Boniface “developers want to build more than what density currently allows for”. As there is already a desire from developers to build more dense there and there appears to be little NIMBYism, St. Boniface may be a good area to test the possibilities of density bonusing in Winnipeg.

If density bonusing is tested in St. Boniface, the program may be more successful if the bonuses are negotiated site-by-site. Drdla (1999), states that site-by-site bonuses have proven more successful at producing affordable housing than fixed programs (p. 70)

5.7 Grants

Grants appeared to be the most popular way for developers to receive assistance in exchange for providing affordable housing. Due to budget constraints grants do not appear to be the best or most likely option for producing affordable housing in Winnipeg. However, there are grant like ways to save the developer money that the City does not have to give up in their budget. Both developer 1 and 3 complain about red tape and the additional costs associated with waiting for approvals. According to Manager City of Winnipeg, other provinces have created prioritized approval processes so that applications with affordable housing are moved to the top of the pile. While this is not money given directly to the developer, sped up approvals would still save them money and not cost the City any additional funds.

5.8 Change of Use

Although Winnipeg has a high commercial vacancy rate, the second set of interviewees did not think converting commercial to residential would be successful. Manager City of Winnipeg said that there are few obstructions now to conversions other than building code and Manager Province of Manitoba 2 said that converting buildings can be more complicated than it appears.

Chapter Six: Conclusion

6.1 Response to Research Questions

As discussed in section 1.2, this practicum sought to answer the following:

1. What policy initiatives are other Canadian using to encourage the production of affordable rental housing?
2. What obstacles or problems could be faced in the process of establishing and implementing policies to increase affordable rental housing in Winnipeg?
3. How could the obstacles faced be addressed? What modifications, if any, would be needed to make them successful in the Winnipeg context?

The practicum first sought to determine: What policy initiatives are other Canadian using to encourage the production of affordable rental housing.?

Through a literature review a number of different planning tools were found.

While numerous planning tools were found, the literature review covered inclusionary zoning/housing, linkage/exaction/impact fees, density bonusing, grants, subsidies, waivers and conversion of commercial to residential.

The Wellesley Institute (2010) found inclusionary zoning programs in Vancouver, Montreal and Toronto. However, according to Drdla (1999), the programs are voluntary and have not been as successful as the mandatory programs in the United States. The Wellesley Institute (2010) states that Manitoba is the only province that has legislation that would allow the enforcement of mandatory inclusionary zoning but has not yet created any policies.

CMHC (2012) found linkage fee programs in Vancouver, Richmond, Whistler and Banff. They also state that cities need legislation to enforce linkage fees to provide affordable housing or they may be challenged in court. Additionally, charging linkage fees is only practical in larger cities with sustained commercial growth.

The Conference Board of Canada (2010) found density bonusing in a few Canadian cities including Vancouver, Burnaby, and Toronto (p. 47). These cities have all successfully produced affordable housing through density bonusing. Burnaby produced 19 units and Vancouver produced 46 units (2010, p. 47). Toronto has also been successful through negotiating density bonusing on a case by case basis with no program (Drdla, 1999, p.71).

Saskatoon, Edmonton and Grande Prairie all have grant programs to provide affordable housing. Saskatoon provided a \$5000 grant for each unit of affordable housing and a five year rebate (FCM, 2012b, p. 9). Edmonton and Grande Prairie both have a fee waiver program for affordable housing (Nedia Consulting, 2008, p. 35).

Edmonton and London have both used their RRAP programs to convert non residential properties into affordable housing. Edmonton provides a forgivable loan (FCM, 2011, p. 13) and London provides up to \$48, 000 per unit also as a forgivable loan (Nedia Consulting, 2008, p. 38). Windsor has designated staff to speed up approval processes and reduced application costs for those who wish to convert their commercial buildings into residential ones (FCM, 2011, p. 17).

2. The practicum also wanted to determine: What obstacles or problems could be faced in the process of establishing and implementing policies to increase affordable rental housing in Winnipeg? Through the literature and interview process a number of obstacles were identified that could impact the implementation of affordable housing tools in Winnipeg.

First, all the planning tools may be impacted by the negative perceptions and stereotypes of affordable housing. Through interviews, it was determined that

some property managers and developers in Winnipeg may have negative stereotypes about who needs or uses affordable housing.

Inclusionary zoning may be met with resistance from the development community and may not have the political will to be implemented. Several of the developers interviewed expressed no interest in voluntary inclusionary zoning and were opposed to mandatory inclusionary zoning. Additionally, Manager City of Winnipeg felt that inclusionary zoning would not be implemented so close to an election.

Linkage fees were also met with developer resistance. The developers considered it an unfair tax for building and thought it would stifle development. Additionally, from the literature review it is evident that linkage fees work best in high growth cities.

Density bonusing may face NIMBYism. Manager Province of Manitoba 1 thought that by combining additional density with affordable housing it would exacerbate the amount of NIMBYism a development could face. Additionally, density bonusing is voluntary and attempts to try it so far have not worked successfully. Furthermore, from the literature review, it is evident that density bonusing works best in high growth cities.

Grants were well liked by developers and from the interviews and literature they have proven successful. Unfortunately, according to Manager City of Winnipeg, the City would have to take money out of the operating budget to provide grants for affordable housing.

From the interviews, change of use from commercial to residential faces a few obstacles. Manager City of Winnipeg says that the changes required to the building are primarily life safety and building code issues that cannot be avoided. Manager Province of Manitoba 2 said that the issue may be a lack of experts in Winnipeg and that when converting buildings you may face unpredictable problems.

3. Finally, this practicum wanted to find out: How could the obstacles faced be addressed? What modifications, if any, would be needed to make them successful in the Winnipeg context?

All the planning tools may face issues associated with the stigmas of affordable housing. The stigma may be combated through education so that developers and property managers are more knowledgeable about the people that need affordable housing.

From the literature review and the interviews it is evident that voluntary inclusionary zoning would not be successful. In order for inclusionary zoning to be successful, it should be made mandatory. Mandatory inclusionary zoning will require all developers to create affordable housing. In order to address developer resistance, an educational element may need to be added to the program.

Through education, developers would be able to learn different ways to mitigate the losses from inclusionary zoning such as making smaller units or putting them in the basement.

Linkage fees would likely not be successful in Winnipeg at this time. From the literature review it is evident that linkage fees work best in high growth cities.

Additionally, they face extensive legal opposition from developers.

Density bonusing is most successful in high growth cities. Although Winnipeg is not a high growth city, there are parts of Winnipeg, such as St. Boniface that are. St. Boniface may be a good place to test how density bonusing may impact Winnipeg.

While grants have been successful at producing affordable housing, the City would have to take money from the operating budget to do so. Instead of giving money to developers, there are other grant like ways for the City to save the

developer money without having to take money out of the budget. For developers that include affordable housing in their projects, the City could move their applications to the top of the pile. Sped up approvals would save the developer money without the City having to spend any additional funds.

The City cannot alter the building code and it is impossible to predict the kind of issues that may arise in a building conversion. However, there are still ways the City could assist those converting commercial buildings to residential. They could move applications to the top of the pile to save the developer money and if the budget would allow it, they could waive or lower application costs and zoning requirements.

6.2 Potential Next Steps

This project has explored a number of planning tools that may potentially alleviate the supply issues of affordable housing in Winnipeg. Housing is a basic necessity and a social determinant of health. Accessing appropriate and affordable housing is a challenge for a number of Winnipeg households due in part to supply issues.

These considerations are intended to provide a starting point for further discussions and research on how to improve supply issues of private affordable

rental housing in Winnipeg. Further discussions need to be conducted between the development community and the planning community to determine how the communities can work together to find ways to improve the supply of affordable housing that are agreeable and cost effective for both. Through getting all the participants together they can discuss the advantages and disadvantages of each planning tool, for each side, and come to an understanding about how to implement the tools so that they are fair to developers but also successfully create affordable housing.

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Appendices

Appendix A Interview Contact Script



UNIVERSITY
OF MANITOBA

City Planning
201 Russell Building
84 Curry Place
Winnipeg, Manitoba
R3T 2N2
Tel: (204) 474-9458
Fax: (204) 474-7532

[Salutation],

My name is Courtney Lofchick, and I am a student in the Master of City Planning program at the University of Manitoba. I am currently completing my Major Degree Project, which seeks to explore the use of planning tools to increase affordable rental housing in Winnipeg. Attached is a “Project Background Information Sheet” which will provide you with more information about this project.

I would greatly appreciate your participation in an interview related to this research. The interview will include roughly 12 questions, should take approximately 60 minutes to complete, and can take place at a time and location of your choosing.

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Coordinator at 204-474-7122. A copy of this consent form has been given to you to keep for your records and reference.

If you would like additional information, please feel free to contact me at XXXXXXXX@myumanitoba.ca or 204.XXX.XXXX.

Thank you for your time and consideration,

Sincerely,
Courtney Lofchick

Appendix B Sample Interview Consent Form



UNIVERSITY
OF MANITOBA

City Planning
201 Russell Building
84 Curry Place
Winnipeg, Manitoba
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Tel: (204) 474-9458
Fax: (204) 474-7532

Faculty of Architecture

Statement of Informed Consent

Research Project Study: ***'Planning tools for affordable private rental housing: Considerations for Winnipeg'***

Principal Investigator: Courtney Lofchick, Graduate Student, Master of City Planning, Faculty of Architecture, University of Manitoba

Advisory Committee: **Supervisor** – Richard Milgrom Professor, Department of City Planning, Faculty of Architecture, University of Manitoba

Introduction

This consent form, a copy of which will be left with you for your records and reference, is only part of the process of informed consent. It should give you the basic idea of what the research is about and what your participation will involve. If you would like more detail about something mentioned here, or information not included here, you should feel free to ask. Please take the time to read this carefully and to understand any accompanying information.

Purpose of the study

The proposed research will explore the potential use of planning tools to create affordable rental housing in Winnipeg.

Winnipeg has experienced low vacancy rates for many years (Manitoba's Rental Housing Shortage, Winnipeg Realtors). In 2013 the average vacancy rate was 1.2% (Housing Market Outlook Winnipeg, CMHC). With one third of Winnipeggers as renters (2006 Census, Statistics Canada) and housing prices becoming less affordable, Winnipeg is in a housing crunch.

This practicum aims to determine what can be done to increase affordable rental housing stock in Winnipeg by researching what other Canadian cities have done and speaking to developers, property managers and planners to see what could be done to encourage more affordable rental development.

This research project is a requirement of the two-year Master of City Planning program at the University of Manitoba.

Study procedures

If you participate in this study, you will be asked a series of questions pertaining to creating affordable rental housing in Winnipeg. You can refuse to answer any questions, and may end the interview at any time. The interview will be audio recorded, and transcribed. You will have the option to choose to see the transcription prior to the publication of this project. The interview will be approximately 45 minutes to 60 minutes long.

Participant risks, benefits, costs

There are minimal risks related to taking part in this project. This proposed research study is based on your expertise and experiences relating affordable housing in Winnipeg. Although your name will not be included in this study, in order to convey your particular form of expertise and knowledge, you will be identified only by your stakeholder group affiliation. Your name and job title will be kept anonymous; however, there may be a risk to confidentiality due to the inclusion of stakeholder group affiliation, and small sample size. I will take steps to minimize this risk by providing you with an opportunity to review your interview transcript and make sure your comments are appropriate for public domain. For

smaller companies (such as property management and development) you will only be identified by your job title.

Benefits for participants include the opportunity to share your knowledge and experience related to affordable housing in Winnipeg. Participation provides you a platform to share your insights that may help future researchers understand the importance of providing affordable rental housing in Winnipeg. You have the potential to be indirectly responsible for the progressive development of more affordable housing.

Audio taping & confidentiality

With your permission, the interviews will be audio recorded and transcribed later to ensure accuracy. I will remove personal identifiers with the exception of your stakeholder group. Including the stakeholder group information is important to be able to show commonalities and differences between major actors involved in the Winnipeg housing market. In addition, interviewees who are experts in their respective fields can offer a unique insider perspective that would not be possible to uncover if interviewing a non-expert.

Data will be stored in a secure location on a locked computer and will not include names or job titles of participants. Data will only include participants' stakeholder group affiliation. Supervisors will not have access to the data to ensure confidentiality, since they may be able to identify participants based on their responses. I will destroy any identifying information, including audio tapings and interview transcripts by October 1st 2018, one year after the final submission of this Major Degree Project.

Feedback & debriefing

Upon completion of the interview, I will provide you with an interview transcript giving you the opportunity to verify the information and remove or modify any comments that you now feel are inappropriate for the public domain. I will provide individual feedback to you by July 15, 2017 of the interview through phone, email, or in person to ensure the information I have compiled from the interview is accurate. Once the Major Project Degree has been completed, I will provide you with a digital copy.

Dissemination of results

Study results will be disseminated through my Master of City Planning Major Degree Project, a hard copy held at the Architecture/Fine Arts library at the University of Manitoba, a digital copy online through University of Manitoba's M Space, and my oral defence. You will also be offered a digital copy of the Major Degree Project via email, once the Masters' Defence has been approved.

Voluntary participation/Withdrawal from study

Your decision to take part in this study is voluntary. You are able to refuse participation or to withdraw from the research study at any time. If you decide to participate, you have the right to refuse to answer any question or to refuse participation in any activity, at any time. If you choose to withdraw, you may do so by emailing me. Your transcript and recording will be destroyed. You must withdraw by August 1st, 2017.

Contact information

Student researcher:

Courtney Lofchick, Graduate Student, Department of City Planning, Faculty of Architecture, University of Manitoba. Phone: 204-XXX-XXXX Email: XXXXXXXXX@myumanitoba.ca

Research supervisor:

Richard Milgrom, Associate Professor, Department of City Planning, Faculty of Architecture,

University of Manitoba. Phone: 204-XXX-XXXX Email: XXXXXXXXXXXXXXXXX@umanitoba.ca

Statement of Consent

Your signature on this form indicates that you have understood to your satisfaction the information regarding participation in the research project and agree to participate as a subject. In no way does this waive your legal rights nor release the researchers, sponsors, or involved institutions from their legal and professional responsibilities. You are free to withdraw from the study at any time, and /or refrain from answering any questions you prefer to omit, without prejudice

or consequence. Your continued participation should be as informed as your initial consent, so you should feel free to ask for clarification or new information throughout your participation.

The University of Manitoba may look at your research records to see that the research is being done in a safe and proper way.

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact any of the above-named persons or the Human Ethics Coordinator at 204-474-7122. A copy of this consent form has been given to you to keep for your records and reference.

If you agree to each of the following, please place a check mark in the corresponding box. If you do not agree, leave the box blank:

I have read or it has been read to me the details of this consent form.

Yes No

My questions have been addressed.

Yes No

I, _____ (print name), agree to participate in this study.

Yes No

I agree to have the interview audio-recorded and transcribed.

Yes No

I agree to be contacted by phone or e-mail if further information is required after the interview.

Yes No

I agree to have the findings (which may include quotations) from this

project published or presented in a manner that does not reveal my identity.

Yes No

Do you wish to receive a summary of the findings?

Yes No

Participant's Signature _____

Date _____

Researcher's Signature _____

Date _____

Appendix C Sample Interview Questions

- 1.** Could you please tell me how your organization fits into the rental housing market in Winnipeg? (How many units do you supply, for what demographic?)
- 2.** What is the mandate of your organization?
- 3.** What challenges has your organization faced in providing or maintaining housing?
- 4.** What opportunities (grants, stakeholder discussions) has your organization been given to provide/ assist in providing affordable housing?
- 5.** What do you think can be done to increase the supply of affordable rental housing in Winnipeg?
- 6.** What obstacles has your organization faced in supplying/funding affordable housing?

- 7.** Do you think inclusionary zoning would be a suitable way to increase affordable housing in Winnipeg?

- 8.** Do you think providing grants would be a suitable way to increase affordable housing in Winnipeg?

- 9.** Do you think density bonusing would be a suitable way to increase affordable housing in Winnipeg?

- 10.** Do you know of any other programs that Winnipeg could consider to increase the supply of affordable housing?

- 11.** Do you think removing red tape for change of use would be a suitable way to increase affordable housing in Winnipeg?

- 12.** Do you have any comments you would like to add?

Appendix D Project Background Information



City Planning
201 Russell Building
84 Curry Place
Winnipeg, Manitoba
R3T 2N2
Tel: (204) 474-9458
Fax: (204) 474-7532

(Project Background Information for Prospective Interview Participants)

You have been asked to participate in a semi-structured interview as part of my research into creating affordable rental housing in Winnipeg. This research is required as part of my Master of City Planning Major Degree Project (practicum), at the University of Manitoba. This research is being supervised by Dr. Richard Milgrom in the Department of City Planning.

The purpose of this research is to determine what planning tools might successfully create additional affordable rental units in Winnipeg. The aim is to understand how these planning tools would be created and used in the future to create affordable housing and what the impacts of each tool might be. I anticipate that lessons learned from studying affordable housing tools might create discussion on how these tools could potentially be used for the long term success of Winnipeg's housing market.

The guiding research questions will ask about potential success and potential obstacles planners might face in applying these planning tools in the Winnipeg context. Which methods might be the most successful and which methods would not be successful.

I anticipate that insights gained from studying potential planning tools to increase affordable rental housing in Winnipeg will help to establish a framework for creating more affordable units within Winnipeg. You have also been provided a statement of informed consent that includes more details on risks and benefits of participating in this interview.

This research has been approved by the Joint-Faculty Research Ethics Board (JFREB). If you have any concerns or complaints about this project you may contact any of the above named persons or the Human Ethics Coordinator at 204-474-7122. A copy of this consent form has been given to you to keep for your records and reference.

Introduction:

This information sheet contains definitions on some of the affordable housing planning tools that will be discussed in the interview. Some pros and cons of each option are also included. We will be discussing these options and how they may apply to the production of affordable housing in Winnipeg for households in core housing need (defined below).

Definitions:

Core Housing Need:

A household is in need core if its housing is not adequate, affordable or suitable. If a household's accommodations do not meet these standards, but has enough money to meet the standards, it is not in core housing need.

Adequate housing:

Housing that is not in need of any major repair.

Affordable housing:

Housing that costs less than 30% of the household's income before taxes.

Suitable housing:

Housing that meets the National Occupancy Standards and is large enough and contains enough bedrooms to accommodate the members of the household appropriately.

Planning tools:

Inclusionary zoning/housing:

Inclusionary zoning/housing is a policy that requires a percentage of new housing in a development to be affordable. Inclusionary zoning/housing can be voluntary with the use of incentives.

Pros:

- Inclusionary zoning/housing has a significant potential to produce affordable housing, especially when it is applied on a mandatory basis.
- Inclusionary zoning/housing is relatively inexpensive for municipalities to institute.
- Inclusionary zoning policies can create affordable housing units in places where affordable housing units would not normally be built.

Cons:

- Inclusionary zoning/housing is not popular with developers and builders.
- Inclusionary zoning/housing's effectiveness decreases in places that are not growing quickly and in smaller housing projects.

Linkage/Exaction/ Impact Fees:

Linkage/Exaction/ Impact Fees are fees that are mandatory and requires a developer to contribute fees towards a public service with nothing given by the municipality in exchange.

Pros:

- Linkage fees create needed revenues for the creation and rehabilitation of affordable housing in the face of declining federal and provincial support.

- Through such fees, municipalities can have an impact on the location and construction of affordable housing in their communities.
- The use of development levies for affordable housing reduces the need for government to pay for this social need.

Cons:

- Unless there is provincial enabling legislation, most municipalities cannot use development levies for this purpose or they may face lengthy court battles.
- Even with legislation, the setting of high fees makes it worth some developer's time to challenge the municipality in court.
- There is no sound economic justification for using linkage fees to fund affordable housing supply. The policy tends to be a "second best" policy due to the restrictions on the municipalities access to tax bases.
- Development levies for affordable housing are only practical in urban centers that are experiencing sustained growth, especially in the commercial sector. They are not practical during economic downturns. As such, levies can discourage growth and reduce the revenues received by the municipality.
- Planners who contribute to development policies for levies must be very sensitive to and knowledgeable about the real estate market and be ready to amend/revise development levies if and when they are having a negative impact on the overall local economy or an unintended, negative impact such as driving investment from the downtown area.
- To pay for development levies, developers must often secure additional financing. When development levies trickle down to the consumer, home buyers or tenants pay not only their share of the levy charges, but also

pays for the financing charges within markets that are in equilibrium. In overheated markets, the development charge can not increase land or housing prices because prices are not determined by cost but by demand acting against a supply constraint.

Density Bonusing:

Density bonusing is a zoning tool used by municipalities to get the private sector to build what they normally would not allow in a standard building. It allows builders additional developable space (such as increased height) in exchange for a needed service. Density bonusing is done on a voluntary basis.

Pros:

- Density bonusing can deliver a substantial number of affordable units when applied to larger projects, central areas and expanding markets.
- Density bonusing policies can be used to obtain affordable housing from the private sector with minimal municipal involvement.
- Density bonusing can be used to increase densities where this is desired for planning purposes.
- Density bonusing delivers affordable housing at no loss (or additional land cost) to the developer or additional cost to the municipality.
- Density bonusing promotes more efficient use of available land.

Cons:

- Density bonusing won't work where developers are not interested in achieving higher densities.

- The implementation of density bonusing requires special studies and extensive community consultation.
- Density bonusing may be challenged as giving too much discretion to municipal officials who make “deals” with developers.
- Density bonusing may not be sufficient to motivate the developer to build affordable units.
- Density bonusing is controversial in low to medium density neighbourhoods.