The Chamber
The Winnipeg Chamber of Commerce

THE WINNIPEG CHAMBER OF COMMERCE

City of Winnipeg Residential Land Supply

As approved by The Winnipeg Chamber of Commerce Board
November 23, 2004

Issue

Within two years the City of Winnipeg will experience a shortage residential housing lots due to an increase in population and shifting demographics.

Background

Housing Shortage
Currently South West Winnipeg and South East Winnipeg supply ***over 70%*** of all new homes built in Winnipeg.

MHBA has indicated that the current residential lot supply in South West Winnipeg will effectively be ***depleted within one year***. This includes the following neighborhoods:

- South Tuxedo
- Whyte Ridge
- Linden Woods
- Linden Ridge
- Richmond West

MHBA also indicates that the current residential lot supply for all of South Winnipeg will be ***depleted within two years***. This includes the following neighborhoods:

- River Park South
- Island Lakes
- Royalwood

The increased housing demand in the City of Winnipeg is due to both a growth in population and the continued shift in demographics.

For example while Statistics Canada is forecasting growth in the population of Winnipeg the size of the average household continues to drop. According to Statistics Canada the average size of a Winnipeg Household was 3.70 in 1962. That number has continually decreased and was 2.45 in 2001. By 2016 that number is expected to continue its downward trend to 2.30. This combination of increased population and smaller household size will result in a greater demand for housing units.

According to the City of Winnipeg's Planning and Land Use Division even with zero population growth a decrease in household size of 0.10, which is projected over the next decade would require 10, 460 additional households.

Housing Costs
The shortage in land for new home development has also driven up the cost of land for new homes, which in turn has increased the cost of new homes in Winnipeg. In the past five years the percentage price increase of new homes in Winnipeg has increased by

40%. In 1993 the average price for a new home was $137,500. The average cost for a new home today is $230,000.

Regarding the costs of new homes in Winnipeg compared to other cities outside of Calgary and Vancouver, the Winnipeg CMA now has the highest cost for new single-family homes. Below are the latest figures from CMHC for CMAs for August 2004.

Vancouver	$526,000
Calgary	$277,000
Winnipeg	**$230,000**
Edmonton	$228,000
Saskatoon	$187,000
Regina	$184,000

Higher new home costs directly impact the cost of resale housing and housing affordability. Manitoba is now the fourth least affordable province to own a home according to the Royal Banks Affordability index which looks at all costs associated with owning and operating a household and also income.

At the same time we have seen a continued decrease over the past decade in the number of rental markets (apartment buildings) built in the City of Winnipeg. Correspondingly vacancy rates in Winnipeg have fallen from over 6% to 1.32 % over the past decade.

Conclusion: There is a demand for more housing units and with vacancy rates in apartments just above one percent and with no new buildings being built more people are making the decision to purchase homes.

Financial Impact

- The average new single-family home in Winnipeg contributes over $2,400 in direct taxes (not including water and sewer levy), and the average home in Winnipeg costs $1,200 to provide services. Therefore on average, $1,200 is directed back to the City to provide services to other areas.
- The average assessed home in Winnipeg is $94,000, therefore houses with above average assessment are needed to help pay for infrastructure renewal and city services elsewhere.
- Note: that all local costs to provide services (collector and local streets, sewer and water, parks, sidewalks etc) are all paid for by the developer, and ultimately the purchaser of the lot. The City does pay for 50% of the cost of arterial streets as these are regional in nature (the developer pays the other 50%) and the City does pay for major trunk water and waste facilities (the developer pays for land drainage). Water and waste trunk facilities are paid for through the frontage levy that each home pays, so basically it is a user pay system.
- The standards for development today are such that the streets and utility systems will last much longer than those built in years past, therefore there are no capital renewal cost for many years, and during this time these same homes have been

contributing to renewals in areas that are not able to cover their own way. Also note, that the single largest infrastructure renewal project that the City will have to cover over the next few decades will be the Water Treatment facilities. All new development in Winnipeg has separated sewer systems (paid for by the developer), which means that new developments have not contributed to this issue, however will be paying for it.

Process

Before construction can begin, the City's long-term blueprint called Plan Winnipeg must be amended to open the agricultural land up for development. That requires a public hearing before Council's Executive Policy Committee.

By law, the City must launch – but not necessarily complete – a review of Plan Winnipeg every five years. The blueprint was last rewritten in December of 2001.

Summary

- There are approximately 1 to 2 years of supply for the entire City available immediately in the short term
- The southern quadrants of the City are currently experiencing the greatest shortage of serviced and readily serviced land compared to the northern quadrants.
- Since the conversion of land from raw to serviced can take 2 years or more to allow for planning, approvals, engineering, development agreements, financing, construction, marketing etc., some areas of the City may experience a more rapid depletion of serviced lots as demand shifts from other areas with lot shortages.
- The land shortage is resulting in increased new home costs.
- A lot shortage in the city of Winnipeg will result in more homes being built outside of the City in bedroom communities.

Winnipeg Chamber of Commerce Policy Position

1. **The Winnipeg Chamber of Commerce urges the City of Winnipeg to establish a long-term economic strategy part of which would address the concerns of housing development in the City.**
2. **The Winnipeg Chamber of Commerce urges the City of Winnipeg to take steps to fast track the process for land development to ensure that projects can move forward in a timely manner in an attempt to deal with the lot shortage expected to occur in the next two years.**