WAVERLEY WEST
PLAN WINNIPEG AMENDMENT
HOUSING AND POPULATION REPORT

Prepared For:

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By

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PREAMBLE

The purpose of this report is to determine whether there is a demand and need for additional Plan Winnipeg Neighbourhood Policy area lands in southwest Winnipeg.

The availability of lands for residential development within the City of Winnipeg – and especially those within the southwest quadrant – is nearing a critical juncture. There is an insufficient supply of serviceable building lots and apartment sites to support medium and long-term housing market demands in this quadrant of the city. This report identifies a need for additional "Neighbourhood Policy Area" lands to support Plan Winnipeg policies. With the exception of the Whyte Ridge subdivision, there have been no significant additions to the City's Neighbourhood Policy areas in southwest Winnipeg since 1968. The existing designated land areas, including Linden Woods, Whyte Ridge and Richmond West, are built-out or are nearing build-out conditions. Waverley West represents the logical extension of Neighbourhoods Policy Area lands in Fort Garry and southwest Winnipeg. Without its development and at present rates of growth, there will be almost no lots available for construction in the Fort Garry area within two years.

EXECUTIVE OVERVIEW

The overriding conclusion of this report is that there is very limited capacity within the existing inventories of available developable land and vacant lots to supply Winnipeg's medium and long-term housing needs. This is especially true in southwest Winnipeg. There is a need for additional "Neighbourhood Policy Area" lands for future residential development, regardless of the location within the city. Lands within Waverley West are capable of providing a significant component of this supply to meet projected demand. The availability of trunk services and access to major transportation infrastructure, as well as proximity to other residential neighbourhoods makes this area particularly suitable as a Neighbourhood Policy Area and for the development of new residential neighbourhoods.

The projected demand for new housing units – single and multiple family – within the City of Winnipeg ranges between 1,850 and 2,680 units per year over the next 20 years. This is an increase in the average number of new units constructed annually over the past decade. It is expected that residential construction in Waverley West would account for approximately 25-30% of this development. The remaining construction would occur in the other three quadrants, existing neighbourhoods, and downtown Winnipeg. The present Fort Garry market currently absorbs well over 30% of the city's new residential development, and Waverley West would represent the logical extension of this market as the existing developments reach full build-out.

Is the projected housing demand reasonable?

This report makes seven key assumptions in order to determine the projected demand for future housing in Winnipeg. Many of the assumptions represent cautious or conservative approaches with respect to suburban growth projections. The rationale for adopting this approach was to ensure that the suburban growth scenarios met what would be considered the minimum demand criteria for determining the need for additional Neighbourhood Policy Area lands. In the event

that the assumptions are too conservative, it does not change the conclusion that the Waverley West lands are required to meet the expected demand. A more aggressive suburban growth scenario would result in a shorter build-out schedule for the area than is discussed in this report.

Key Assumptions:

1. *Winnipeg's population will increase in the order of 18,600 persons by 2011, and 39,700 by 2021.* These figures are in keeping with Plan Winnipeg projections.

2. *Household size will decrease from the current average of 2.45 persons per household to 2.30 within ten years and remain constant thereafter.* This trend is widely accepted and is evident in most developed countries. The impact of the decrease in household size is equally important in contributing to demand for new housing, if not more so, as is an increase in population.

3. *Overall in the city, the ratio of construction between single-family homes and multi-family units will increase into the range of 65:35 and 70:30.* These ratios represent an increase in multi-family construction (including rental apartments and condo units). The existing single/multi-family split for Winnipeg is approximately 77:23.

4. *25% of new multi-family units will be built in downtown and city centre neighbourhoods.* This is significantly greater than existing residential development in the downtown. The traditional capture rate for downtown Winnipeg was in the order of 20%. However, between 1990-2000 the rate was near 0%.

5. *5% of all new single-family homes will be built on an infill basis in older established neighbourhoods.* This is more than a doubling of past and current trends. In recent years, about 2% of homes have been constructed on infill lots.

6. *Approximately 30% of the market share for suburban development will be in the southwest quadrant.* Since the early 1990s, the two southern quadrants of the city have captured close to 70% of the overall residential housing market for Winnipeg. Much of the new home construction in the northeast and northwest quadrants has actually occurred outside Winnipeg in the surrounding rural municipalities.

7. *The addition of 1,500 new rental units is required simply to restore some balance to the existing rental market by raising the vacancy rate into the 3% range.* Over the past ten years there have been almost no new conventional rental units constructed in the city. With a vacancy rate dropping to less than 1%, new units are likely to emerge and would boost multiple family developments.

KEY QUESTIONS ADDRESSED IN THIS REPORT

Is the current supply report accurate?

The City of Winnipeg Vacant Lot Inventory identifies approximately 6,000 vacant lots within the entire city. This in itself sounds like a significant supply; however, the inventory does not distinguish between developable lots and those that may not be suitable or easy to develop due to servicing constraints, marketability, and additional land use approval requirements. Even should all lots be developable, this would represent less than a five-year supply of lots, which would not adequately contribute to a sustainable and balanced residential market.

The availability of developable land within Winnipeg is affected by servicing constraints, marketability issues, and the degree of difficulty of land use approvals. Based on these factors, it is estimated that there are only approximately 1,200 existing lots available throughout the entire city that can be developed immediately or within a short time frame. Given the demonstrated demand for new housing units, the existing supply of readily developable land is expected to be able to supply the current need for less than two years in the southwest quadrant of the city.

Will the development of Waverley West be at the expense of infill development?

There is no evidence to support this. The report has accounted for an increasing level of development of infill housing in older neighbourhoods. It is expected that the market share for infill development will more than double to approximately 5%, accounting for an additional 80 to 100 new single-family dwellings per year in established neighbourhoods. The continued development of infill lots is expected to continue simultaneously with development in *greenfield* areas. A sustainable and balanced new home residential market requires a wide variety of choice – a choice of location; type; tenure, etc.

Will the development of Waverley West be at the expense of downtown and inner city development?

Development of the Waverley West area will not affect the continued redevelopment of downtown and established neighbourhoods. The type of single-family homes that will be built in Waverley West will serve a significantly different market than those housing units that may be developed on infill lots or in the downtown. This report acknowledges infill and downtown development to serve important niche markets.

In addition, this report includes assumptions that multi-family development will increase significantly in downtown and city centre neighbourhoods. This will bring the multi-family market share for the city centre back to 1980s levels, where the downtown and near downtown neighbourhoods captured roughly 20% of new multi-family unit construction.

Will the development of Waverley West be at the expense of other areas (quadrants) of the City of Winnipeg?

Historically, development within the city boundaries had been evenly divided between each of the four quadrants. More recently, market share in the south has increased while demand for new housing in the north has tended to occur outside the city's boundaries. Providing additional lands for development within the city will help to ensure that the market served by this type of development does not *leak* outside of Winnipeg into the adjacent rural municipalities.

Within the southwest quadrant, the Waverley West lands are readily serviceable and represent a logical extension of the city to accommodate natural growth patterns. Waverley West lands also provide the largest, and most contiguous source of new "Neighbourhood Policy Area" lands within Winnipeg city limits.

Will the development of Waverley West harm or enhance City of Winnipeg finances?

The analysis in this report suggests that the City of Winnipeg requires an average contribution of approximately $1,000 per household for ongoing city operations. This includes the cost of maintaining infrastructure such as streets and sewers, etc., as well as for capital works. It is expected that, on average, each household in Waverley West will generate approximately $2,200 in municipal tax revenue for the City (adjusted to a 2002 base year). This is more than double the City's annual per household operating cost. Regional capital works requirements directly and indirectly attributed to area development will be paid for by realty taxes paid by new residential property owners.

It is also important to note that the cost of developing the proposed subdivisions, including the construction of all local streets, sewers, watermains, parks, etc., are borne by the developer and paid for by the new homebuyers in the price of their houses.

Will the development of Waverley West be at the expense of the environment?

Development in Waverley West will incorporate Smart Growth principles as promoted by the City of Winnipeg's Civic Environmental Committee. In the present state, most of the land within Waverley West has already been altered by development, either through agriculture or development. New development in Waverley West proposes that 20% of the land area will be dedicated for parkland and natural areas – significantly greater than the City's minimum 8% requirement. Significant natural areas including tree stands and drainage patterns are to be integrated into the development. Innovative solutions will be sought to resolve direct environmental impacts.

The development objective for Waverley West is approximately 6 - 7 residential units per net developable acre, which is higher than most traditionally designed new suburbs, and is higher than many of Winnipeg's existing older residential neighbourhoods. Higher densities mean more people are using less land. A planned ratio of 65/35 for single family and multiple-family homes supports sustainable social design. The subdivision will be laid out with transit service as critical

design criteria and with integrated linear pathways for cycling and pedestrian use, focusing on mixed-use nodes.

Will the development of Waverley West add an unnecessary burden on the regional transportation system in southwest Winnipeg?

Growth that will add to the demands on the city's transportation system will occur whether Waverley West develops or not. The question is where the growth occurs and, therefore, where the demand will increase. If Waverley West does not develop and the growth is shifted to other quadrants in the city, the demands on the regional streets will rise elsewhere in the system. If the growth is shifted to rural areas outside of Winnipeg, there will be a corresponding increase of demand on the city's regional street system, but without the capture of new realty taxes to help pay for the system. The report demonstrates that without Waverley West, the demand for new suburban housing will not shift to inner city neighbourhoods or the downtown. The demand for these areas has been accounted for in other ways (25% capture of new multi-family units and 5% of new single family infill).

An additional comprehensive transportation impact review has been prepared for the Waverley West proposal as part of the Plan Winnipeg amendment process.

Is the development of Waverley West in accordance with Plan Winnipeg policy?

Waverley West represents a readily serviceable, logical extension of the city, perhaps to a greater extent than any previous development in the city. The following relevant Plan Winnipeg policies are supported by Waverley West:

3B-02 Guide the Development of New and Existing Residential Areas

3B-08 Regulate Land Uses in Rural Areas

3B-01 Promote Vibrant Neighbourhoods

3A-02 Promote Compact Urban Form

2B-03 Commit to Responsive Government

3A-01 Promote Orderly Development

3C-03 Commit to Traffic Operations Improvements

3A-04 Protect Traffic Flows from Significant Increases

1A-01 Promote Downtown Development

2A-01 Commit to Citizen Engagement

STEPS IN THE DEVELOPMENT PROCESS

The amendment to Plan Winnipeg 2020 Vision is the first step in the development process. The level of detail (subdivision designs, servicing plans, pedestrian plans, etc.) will increase as the process advances through additional steps. An Area Structure Plan will be developed to address the regional needs of this quadrant. Prior to Council's approval, this Area Structure Plan will be subject to public review and public hearing processes. The final step in the approval process involves the filing of specific subdivision and rezoning applications by individual landowners.

Step 1 – Plan Winnipeg Amendment (2003 – 2004)

- Deals with broad policy issues.

Step 2 – Adoption of Area Structure Plan (2004)

- Outlines design criteria and establishes land use and transportation concepts.

Step 3 – Subdivision and Rezoning Applications (starting 2004)

- Deals with individual landowner's applications for street and lot layouts and specific zoning designations for each parcel of land.

PART I: INTRODUCTION AND DEFINITIONS

1.0 INTRODUCTION

1.1 Project Definition

The purpose of this report is to develop an understanding of the potential magnitude of growth within Winnipeg and especially the southwest quadrant of the city over the next twenty years. This report will provide the information necessary to support an amendment to Plan Winnipeg 2020 Vision to re-designate this area of southwest Winnipeg – lands commonly referred to as Waverley West – to *Neighbourhood Policy Area* from the existing *Rural Policy Area* designation.

The proposed Plan Winnipeg amendment represents a first step towards future development in this area (Figure 1). An Area Structure Plan will be presented to City Council to be adopted as a Secondary Plan By-law, providing the detailed long-term planning direction for future development in Waverley West. This separate process will commence immediately and will parallel the Plan Winnipeg amendment process.

Supply and demand estimates have been based on a twenty-year planning horizon, similar to the planning horizon of Plan Winnipeg. Base information provided in this report are to-date where available; population information is based on 2001 data, and supported by projections utilized by the City of Winnipeg through the CAO Secretariat.

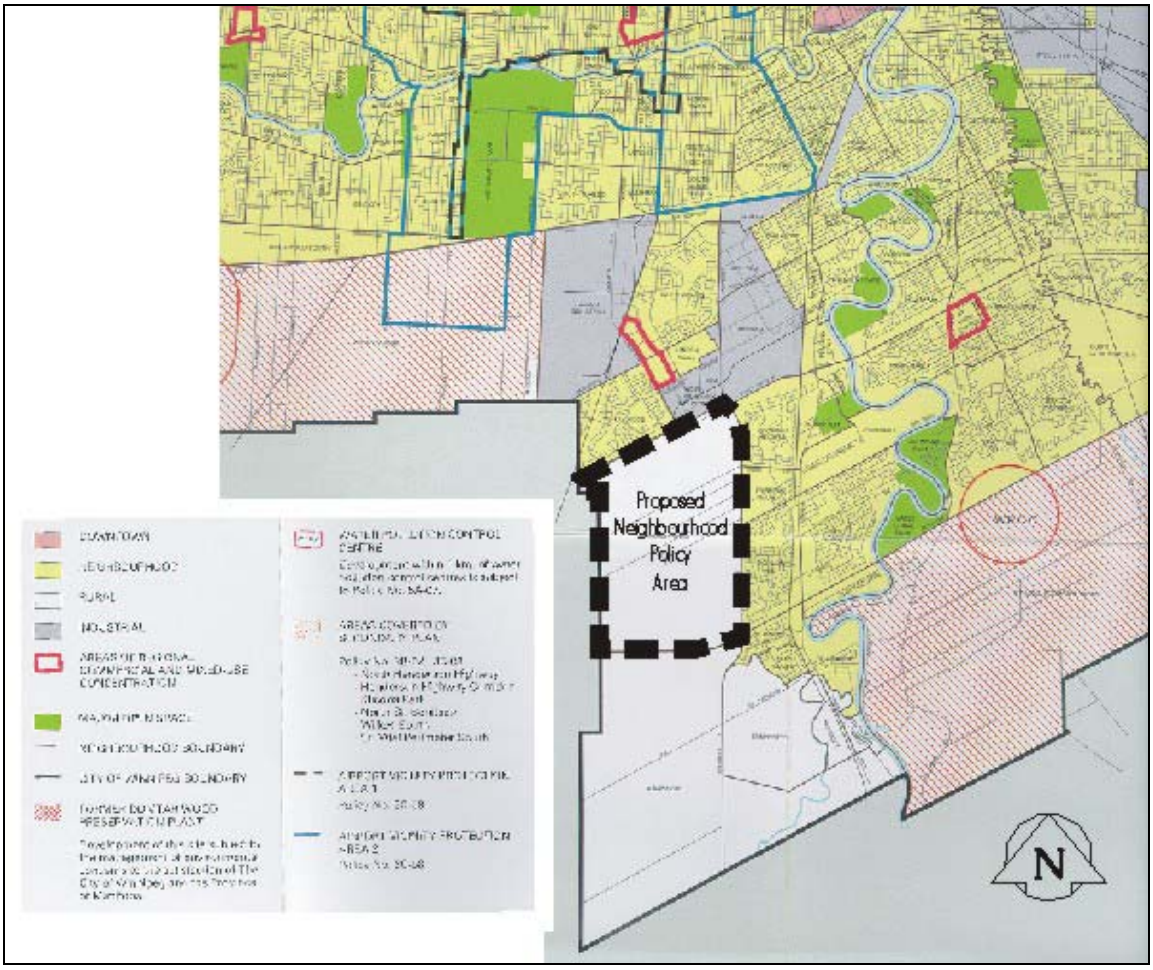
The research for this report has involved review and analysis of existing demographic and market data to identify trends and potential changes in the overall population characteristics and housing requirements of Winnipeg residents, which correspondingly impacts on the demand for additional *Neighbourhood* designated lands.

1.2 Site Area

The Waverley West area is defined as the lands south of Bishop Grandin Boulevard and the Lot 16 drain, west of Waverley Street, north of the Perimeter Highway and east of the City of Winnipeg legal limits (Figure 2). Waverley West consists of approximately 3,000 acres, approximately 2,500 of which are available for future neighbourhood development.

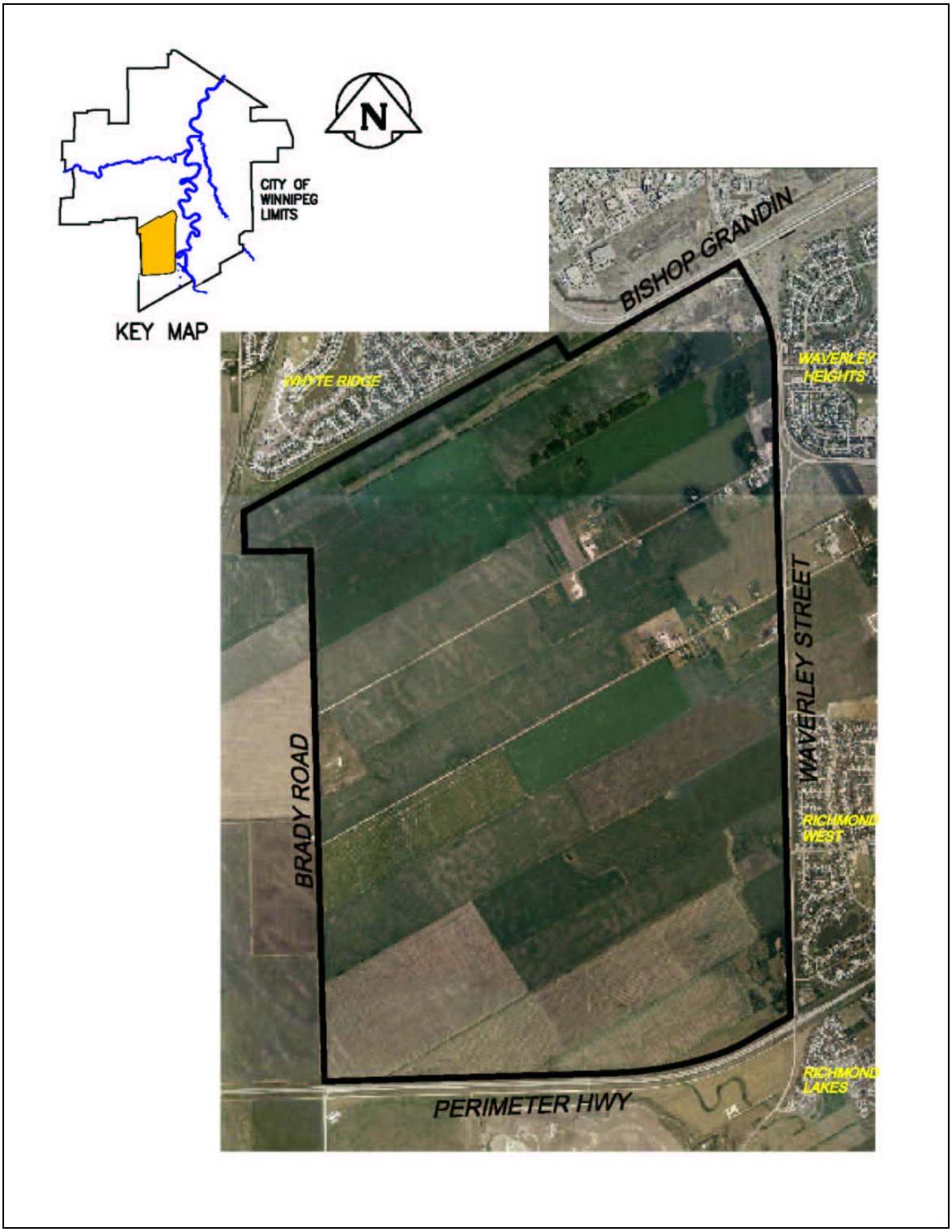
For the purpose of this report, reference to the 'southwest quadrant' includes all lands within the City of Winnipeg west of the Red River and south of the Assiniboine River. Reference to the 'Fort Garry market' includes lands south of Wilkes Avenue and the CN main line, east of McCreary Road, west of the Red River and north of the Perimeter Highway.

Figure 1. Plan Winnipeg Amendment Area



Source: Plan Winnipeg 2020 Vision Policy Plate A

Figure 2. Site Area



1.3 Plan Winnipeg Policies

Plan Winnipeg 2020 Vision identifies that the policies in the Plan are intended to support a scenario of modest population growth.[1] This report demonstrates that there is a pressing need for additional *Neighbourhood* policy lands to accommodate modest population growth and a corresponding increase in the total number of households. The report also identifies how existing developable lands identified as *Neighbourhood* in Policy Plate A within Plan Winnipeg 2020 Vision, are not sufficient in supporting the future projections supported by Plan Winnipeg.

This report demonstrates a position of support for a number of Plan Winnipeg policies, including *Policy 3A-01 Promote Orderly Development*, and presents evidence necessary to amend Policy Plate A of Plan Winnipeg 2020 Vision, re-designating lands within Waverley West from a *Rural* designation, to a *Neighbourhood* designation. Materials. The information provided illustrates that over the next two decades, lands within Waverley West, through orderly and planned development will be required for *Neighbourhood* use.

The following are Plan Winnipeg policies that are considered relevant to this report, and to the planning and development of Waverley West.

3B-02 Guide the Development of New and Existing Residential Areas

The City shall guide the development of new and existing residential areas designated as Neighbourhood on Policy Plate A by:

i. requiring developments to provide a full range of municipal infrastructure in an environmentally-sound, economical and timely manner;

ii. preparing detailed secondary plans for future neighbourhoods in consultation with residents and business interests to ensure the coordination of local and regional services and the compatibility of land uses and other objectives;

iii. evaluating new residential development proposals according to appropriateness of location and assessing their long-term impact within an evaluation framework established in consultation with the development industry.

[1] Plan Winnipeg 2020 Vision states "The policies in the Plan support a scenario of modest population growth falling between the Conference Board and Statistics Canada projections."

3B-08 Regulate Land Uses in Rural Areas

The City shall regulate land uses within locations designated as Rural on Policy Plate A by:

i. allowing the re-designation of Rural land to Neighbourhood or Industrial only where there is a demonstrated need for additional land to satisfy projected demand and where a full range of municipal infrastructure can be provided in an environmentally-sound, economical, and timely manner;

3B-01 Promote Vibrant Neighbourhoods

The City shall promote vibrant neighbourhoods by encouraging and accommodating within new and existing developments a variety of compatible mixed uses including:

i. low-intensity residential uses;

ii. low-intensity ancillary uses such as local commercial, educational, recreational, religious, and institutional uses at a scale and density compatible with, and necessary to support, low-intensity residential development, and in recognition of traffic flows related to these uses;

iii. high-intensity residential development and ancillary uses on sites adjacent to major traffic or transit corridors; and

iv. light industrial development at industrial park standards as a buffer, where appropriate, between residential development, major traffic arteries or railways, or other incompatible uses.

3A-02 Promote Compact Urban Form

The City shall promote compact urban form in support of sustainability by:

i. approving new residential, commercial, and industrial subdivisions only where there is a reasonable relationship between the supply of land and the projected demand and when a full range of municipal infrastructure can be provided in an environmentally-sound, economical, and timely manner;

ii. evaluating residential, commercial, and industrial development proposals using benefit-cost analysis to measure long-term revenues, expenditures, and impacts on existing developments within a life-cycle costing framework;

iii. meeting transportation demand in ways which reduce reliance on the automobile, improve integration of transportation modes, and improve

effectiveness of the existing transportation system;

iv. encouraging infilling of vacant lands and the revitalization of existing neighbourhoods to maximize the use of existing infrastructure; and

v. supporting new development, which is adjacent to, and compatible with, existing development and which is designed to minimize the spatial use of land.

2B-03 Commit to Responsive Government

The City shall commit to responsive government by:

i. monitoring and responding to demographic, social, economic, and environmental trends both locally and globally;

ii. evaluating City policy decisions, core programs and services, budget allocations, and new development applications against a set of quality of life principles, including consideration of long-term economic benefits and costs.

3A-01 Promote Orderly Development

The City shall promote orderly development through land use designations on Policy Plate A by:

i. considering the "Neighbourhood" designation to signify areas of local identity with mutually supportive uses generally including a residential mix together with a variety of educational, recreational, institutional, commercial, and possibly industrial uses, at a scale and density compatible with each other;

ii. considering the Rural designation to signify areas primarily devoted to agricultural uses and related support functions until such time that these lands are required to be redesignated for future development;

iii. considering the identification of areas of Regional Commercial and Mixed-Use Concentration to signify the general desired locations for large scale commercial development attracting customers city-wide and beyond, with the intent to direct future development of that nature to those general locations;

iv. considering the Major Open Space designation to signify distinctive areas of city-wide importance that provide opportunities for passive nature-oriented activities and/or a variety of active recreational facilities; and

v. identifying those areas of the city that are governed by secondary plans, and promoting the use of secondary plans, where warranted, to provide greater clarity in the interpretation of policy designations.

3C-03 Commit to Traffic Operations Improvements

The City shall commit to traffic operations improvement to increase roadway efficiency by:

i. assessing the compatibility of new development and access controls with the intended function of the adjacent arterial street system.

3A-04 Protect Traffic Flows from Significant Increases

The City shall protect traffic flows from significant increases in volume as a result of new developments by:

i. requiring major developments be sited in such a manner that public investment in adjacent regional transportation facilities is protected;

1A-01 Promote Downtown Development

The City shall promote downtown development to stimulate revitalization and capitalize on existing infrastructure by:

i. considering the effects on the downtown in the evaluation of new developments, commercial/retail policies, staff and budget resource allocations, and transportation priorities.

2A-01 Commit to Citizen Engagement

The City shall commit to citizen engagement in political decision-making processes by:

i. actively soliciting citizen input into policy formulation, political decision-making, and program development processes through meaningful public consultation.

Summary of the Existing Housing Situation in Winnipeg and Fort Garry

The southwest quadrant of Winnipeg, particularly the Fort Garry market (which includes Waverley West), is one of the most sought after and 'in-demand' residential areas of the city. Calculations in subsequent sections of this report make this clear by demonstrating that the supply of building lots in the Fort Garry area will be completely diminished in less than three years.

The report presents detailed demand projections Winnipeg overall, and accounts for increased residential development in the downtown and for infill opportunities. The report also identifies future demand within each quadrant of the City. Projections indicate that without additional *Neighbourhood* policy lands becoming available within the southwest quadrant of the City, a trickle-down impact would be expected that would negatively affect the housing market throughout Winnipeg.

The housing market in Winnipeg, both for new homes and resale homes, is at a point not seen in well over a decade. With interest rates remaining low, a strong long-term economic outlook and a positive attitude in the city, the housing market in Winnipeg is expected to continue to be strong over the short, medium and long-term.

The population of Winnipeg is expected to increase moderately over the next two decades (as supported by Plan Winnipeg). Combined with a decreasing household size, a strong demand for new housing is very likely to continue.

Methodology And Assumptions

To determine demand projections for housing in the City of Winnipeg, and specifically for the Waverley West lands, this report presents a model based on two key indicators – Population and Household Size. It is suggested that the interaction of these two key indicators will generally determine the projected demand for the residential market in Winnipeg.

Four potential "growth" scenarios have been presented, illustrating the possible interactions of these two indicators. Among the four scenarios, two have been selected as the most likely to occur. The level of demand in the housing market is presented as a range using these two scenarios, the first being a "Lesser Demand" scenario, and the second being a "Greater Demand" scenario.

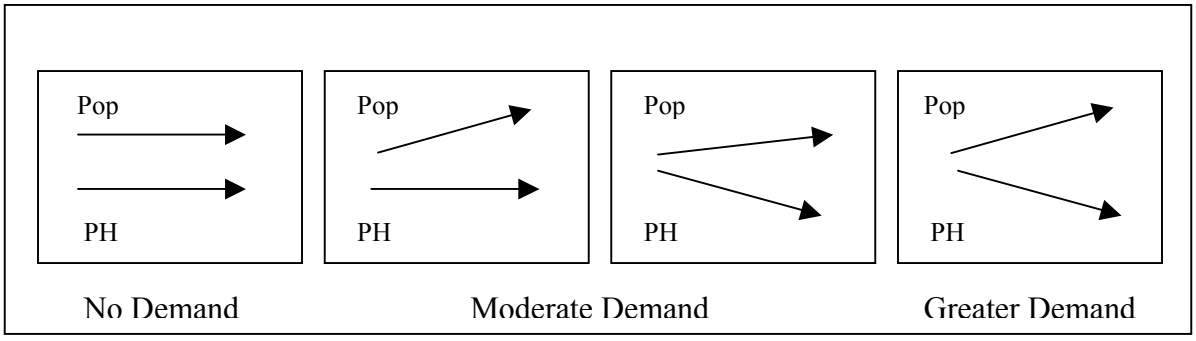
Other housing influences/variables examined include:

- Historical single-family and multiple family housing development trends;
- Residential development in Downtown and established neighbourhoods;
- Four geographical quadrants of Winnipeg;
- Overall rental housing market conditions; and
- Resale home market conditions.

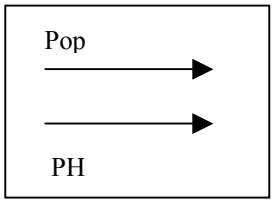
2.0 RESIDENTIAL GROWTH SCENARIOS

In order to demonstrate the future demand for housing in Winnipeg over the next twenty years, this report focuses upon two key indicators. The first indicator is population growth and the second is household size. Combined, these two demographic indicators are used in determining the overall number of dwelling units required to house the population. Changes in either one of these indicators will result in a change in total number of households, and the corresponding demand for dwelling units. Figure 3 provides four possible growth scenarios based on projected trends in both household size and population.

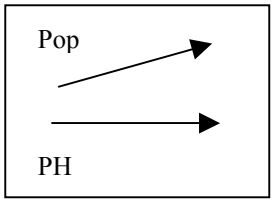
Figure 3. Growth Scenarios



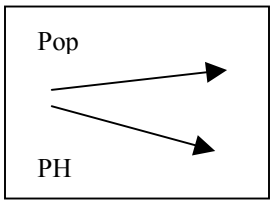
- The first scenario illustrates that if population remains constant and average household size stabilizes that there will be no increase in the number of households, and therefore *no increase* in demand for additional dwelling units.



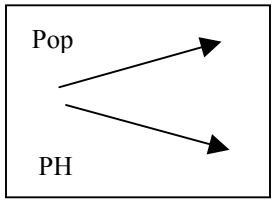
- The second scenario illustrates that if population increases and household size remains stable, there will be a moderate increase in the number of households, and a corresponding *moderate increase* in demand for dwelling units.



- The third scenario illustrates that if there is a modest population gain and household size continues the trend of decline, there will be a corresponding increase in the number of households, and therefore a *moderate demand* for additional dwelling units. This report refers to this scenario as the **'Lesser Demand Scenario'**.



- The fourth scenario illustrates that if population increases in combination with a decreasing household size, there will be a corresponding accelerated increase in the number of households and an *accelerated demand* for dwelling units. This scenario is referred to as the **'Greater Demand Scenario'**.



The focus of this report is on the third and fourth scenarios, to be referred to throughout as the 'Lesser' and 'Greater' scenarios. The following sections provide the rationale for understanding why the third and fourth scenarios are more likely to occur.

3.0 KEY INDICATORS

SECTION HIGHLIGHTS

- Plan Winnipeg 2020 Vision supports a **modest scenario of population growth** falling between the Conference Board of Canada's projection of a 14% population increase and the Statistics Canada projection of a 6% increase by the year 2020.
- This study utilizes **two population projections**: The Conference Board of Canada projection (2002) and an extension of the City of Winnipeg CAO Secretariat projection (2003), both of which are consistent with Plan Winnipeg 2020 Vision.
- The Province of Manitoba is currently developing policies to promote increases in immigration to Manitoba of 10,000 immigrants per year. The findings in this report adopt a **more conservative immigration projection**. *It is critical to note that should the provincial goal be reached, the impact on the demand for new housing will be significant, potentially doubling the housing demand projections within this report.*
- The **long-term economic outlook** for Manitoba is positive. Manitoba's diversified economy, plus a number of substantial opportunities for additional economic development (including major capital projects such as Hydro construction, floodway expansion, downtown initiatives etc.) will increase economic development in Winnipeg.
- It is assumed that an **increased population is a necessity** for a continued increase in the long-term prosperity of the Province, and for Winnipeg.

3.1 Population Forecasts

Numerous population projections and forecasts have been prepared by different agencies and organizations, each suggesting varied population changes for the City of Winnipeg. It is likely that the one certainty when making population projections – due to the uncertainty and unpredictability of future demographic trends and public policy – is that there is a strong likelihood that projections will be "wrong". It is therefore suggested that the best means to provide accurate long-range planning is to present a range of potential future events and prepare plans which can be flexible enough to accommodate both.

Plan Winnipeg 2020 Vision summarizes population projections from three sources: Conference Board of Canada (CBC), Statistics Canada (StatsCan) and the Manitoba

Bureau of Statistics (MBS). The CBC projected a 14% increase in Winnipeg's population by 2020. StatsCan projected a 6% increase. The MBS predicted a reverse scenario based on actual population growth patterns from 1991-1996, projecting a net population *decrease* of 4.1%. Policies set out in Plan Winnipeg 2020 Vision support a scenario of modest population growth falling between the CBC and StatsCan projections.

In April 2002, the CBC updated its population projection for Winnipeg CMA and for Winnipeg[2]. The CBC population projection for Winnipeg in 2011 is for 665,900 and 709,400 in 2021. The City of Winnipeg's CAO Secretariat, utilizing CBC forecasts, projects Winnipeg's population to increase at approximately 0.32% per year. Projected out to 2011, the population would be approximately 649,400, and 670,500 in 2020.

The MBS projection of a loss of population assumes, among other factors, continued relatively high losses to Winnipeg's population due primarily to negative rates of inter-provincial and intra-provincial migration as experienced throughout the early 1990's. Recent inter-provincial migration rates indicate this trend may be reversing.

Inter-provincial migration is heavily influenced by the attractiveness of economic factors (e.g. job opportunities) in other provinces, particularly Ontario, Alberta and BC, relative to the Manitoba economy. Continued improvement in Manitoba's diversified economy, and the potential for a number of very substantial long-term capital developments (including Manitoba Hydro developments, Red River Floodway expansion and numerous Downtown Winnipeg initiatives) will likely have a substantial impact on the economic outlook for Manitoba and for Winnipeg. A continued positive economic outlook could reduce or reverse the inter-provincial out-migration trend. If the more positive trend continues, the MBS projections would be considered somewhat pessimistic.

The CBC projects that over the next 20 years, Winnipeg's demographic trends will be characterized by slow but stable population growth, rising immigration levels and ageing of the population, and that Winnipeg will be relatively more attractive than neighbouring provinces, which will decrease the pace of inter-provincial out-migration[3], and that immigration levels will increase to an average of 3,100 per year.

The Manitoba government has recently signed a new immigration agreement with the Government of Canada, with the intention of increasing immigration to Manitoba to upwards of 10,000 immigrants per year. This would represent Manitoba's proportionate share (about 4%) of the present immigration rate to Canada. This agreement could *more than double* the annual immigration to Winnipeg. The projections incorporated into this report do not reflect such a high level of immigration. Should such a high rate be achieved, the demand for new housing would be much greater than identified in this report.

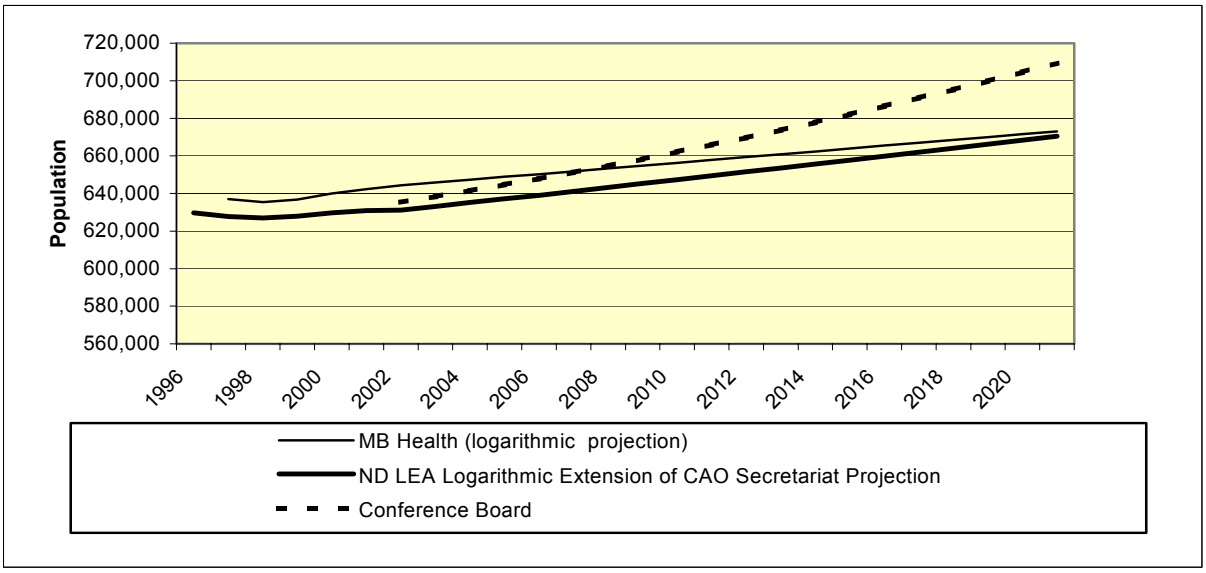
This report utilizes two population projections to indicate moderate levels of population growth. The first projection is from the Conference Board of Canada (Conference Board

[2] The Winnipeg population is derived by calculating 92.3% of the CMA population.
[3] It is important to note that the CBC continues to project a net out-migration inter-provincially.

of Canada, Winnipeg Long Term Population Projection Report, April 2002). The second is a five-year projection from the CAO Secretariat from April 10, 2003, extending it out in a logarithmic manner at 0.32% per year to 2021[4].

This report has removed the two 'extreme' population trend possibilities, the low being a zero population growth/decline scenario presented by the Bureau of Statistics, and the high being a potential immigration level of 10,000 immigrants per year.

Figure 4. Historic and Projected Population Trends – Winnipeg (1996-2021)



The two projections supported by this report are used to establish a range projecting future demand for housing in Winnipeg and the Fort Garry area specifically. The range established suggests an overall Winnipeg population between 649,000 and 665,000 by the year 2011, and between 670,000 and 709,000 by the year 2021.

Extensions of the Manitoba Health (logarithmic projection at 0.2% per year) and Statistics Canada (from Plan Winnipeg 2020 vision) projections further support the established range, since both fall close to or within the projected range noted above.

Table 1 below, illustrates the various population projections numerically.

[4] It is important to note that the City of Winnipeg considers the April 2002 Conference Boards projection as being the most accurate picture of future growth for the City, as it makes future projections based on economic forecasts, migration and a number of other significant variables, whereas other projections simply look at recent past growth patterns and project forward. Projections utilized in this report are consistent with Plan Winnipeg 2020 Vision..

Table 1. Projected Population by Source – Winnipeg.

	Statistics Canada Census Count	Manitoba Health Data*	ND LEA Projection	Conference Board of Canada (1996-2021)
1996	618,477		629,700	629,700
1997		637,000	627,700	627,700
1998		635,400	626,900	626,900
1999		636,706	627,900	627,900
2000		640,000	629,700	629,700
2001	619,544	642,200	630,800	630,800
2002		644,400	631,200**	635,300
2003			633,200	638,400
2004			635,300	641,500
2005			637,200	644,700
2006			639,100	647,900
2007			641,200	651,200
2008			643,200***	654,700
2009			645,300	658,300
2010			647,400	662,100
2011			649,400	665,900
2012			651,500	669,700
2013			653,600	673,700
2014			655,700	677,800
2015			657,800	682,100
2016			659,900	686,400
2017			662,000	690,800
2018			664,100	695,200
2019			666,300	699,800
2020	666,000****		668,400	704,600
2021			670,500	709,400

* MB Health data derived from Winnipeg Regional Health Authority less RM of East St Paul and RM of West St. Paul. Note: as MB Health changed to the Regional Heath Authority system in 1996, it is not possible to compare data prior to 1996/1997.
** preliminary estimate from CAO Secretariat. 2003-2007 data based on CAO Secretariat projections.
***ND LEA logarithmic projection of 0.32% per year based on Conference Board data and consistent with CAO Secretariat extension method (2008-2021).
**** Statistics Canada Projection from Plan Winnipeg 2020 Vision.

3.2 Households and Household Size:

SECTION HIGHLIGHTS

- **Household size has been decreasing** throughout the developed world over the past four decades, and is projected to continue well into the 21st century.
- This report projects that the **average household size will decrease** in Winnipeg to 2.3 by 2011. This is consistent with existing trends and with experiences in other countries.
- The **"baby boom" and "echo" phenomenon**, along with an aging population, lower fertility rates, and other societal changes have contributed to decreases in household size and increases in the total number of households.
- A decrease in household size correlates to an increase in number of households, which creates **demand for new housing even if population remains constant**.
- Winnipeg's age profile and rates of **inter-provincial migration** coupled with **decreased fertility rates** and decreasing household size result in an even greater demand for additional households.

The second determining factor for projecting demand for housing in Winnipeg (*population* is the first) is *average household size*. Average household size has a direct bearing on the need for new housing. As average household size decreases, the number of households required to support the same population increases.

The trend in decreasing household size is not a local or national phenomenon only; it is a worldwide trend witnessed in nearly all developed countries. Most developed countries, including the countries of Europe, Japan, New Zealand, Australia, the United States and Canada are experiencing this trend – total population growth is declining; yet the number of households is growing. In some extreme cases, such as in some European countries (Germany and Italy in particular[5]), as well as in Japan[6], total population growth has reached zero or is declining (or is projected to do so within then next decade), yet the total number of households is expected to continue increasing for many years after. Trends are attributed to numerous factors including aging population, decreasing fertility rates, and increasing divorce rates, among others.

Household size in Winnipeg, in Canada, and throughout the developed world has been decreasing over the last several decades, and despite a slowing in the rate of household

[5] World Population Prospects 2002 Revision – Population Database. United Nations Population Division of the Department of Economic and Social Affairs.
[6] Overview of Household Projections for Japan – Oct. 1998. National Institute of Population and Social Security Research.

formations, a continued decline in the number of persons per household is evident and is projected to continue for some time.

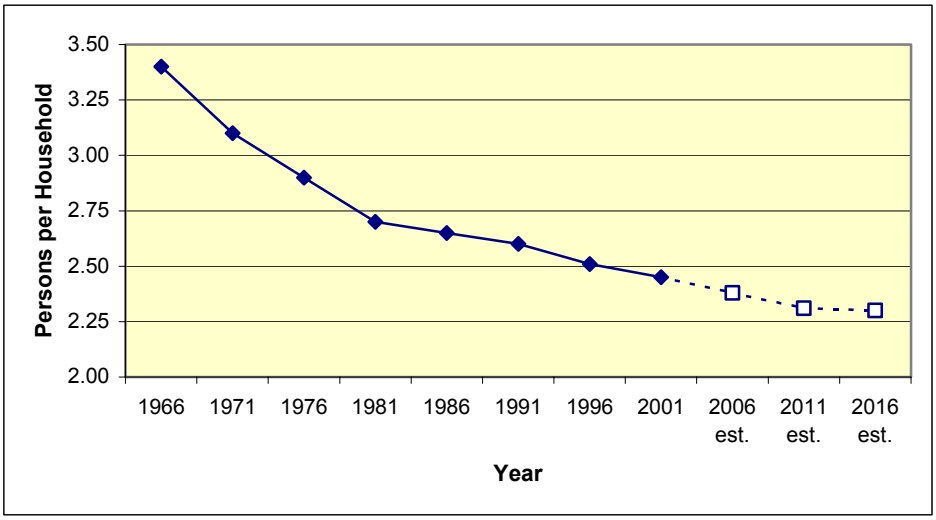
Table 2 below displays the impact of a decreasing household size on the demand for housing, even with overall population remaining at a stable rate. This example outlines how a community with a stable population of 100,000, will experience significant demand for new households – between 4-5 % – with each 0.1 decrease in household size.

Table 2. Impact of Decreasing Household Size – Base Population of 100,000

Persons per household	Number of Households Required	Increase in Number of Households
2.4	41,667	-
2.3	43,478	1,811
2.2	45,454	1,976
2.1	47,619	2,165
2.0	50,000	2,381

Figure 4 illustrates the decreasing household size in Winnipeg from 1966 to 2001 and projected to 2016. In 1962, the average household size in Winnipeg was about 3.70 persons. By 1991 it had declined to about 2.60 persons, by 1996 the average had continued to decline to 2.51 persons, and in 2001 household size in Winnipeg was 2.45 persons.

Figure 5. Household Size – Winnipeg (1966 to 2016 projected)



Source: Historic data from Statistics Canada

Despite predictions that household size would level off by the end of the 20th century, this has not occurred. There are a number of factors that help to explain this trend, and strongly suggest that the trend will continue over at least the next decade and possibly beyond. Trends in other countries also indicate that household size will continue to decline well into the 21st century. Australia, which has a similar household size as Canada today (2.6 in 1996), is projecting an average household size of between 2.2 and 2.3 in 2021[7]. Japan also projects that the *number* of households will continue to increase until at least 2014, even as the population starts to decrease in year 2007, which suggests a continuing decreasing household size[8].

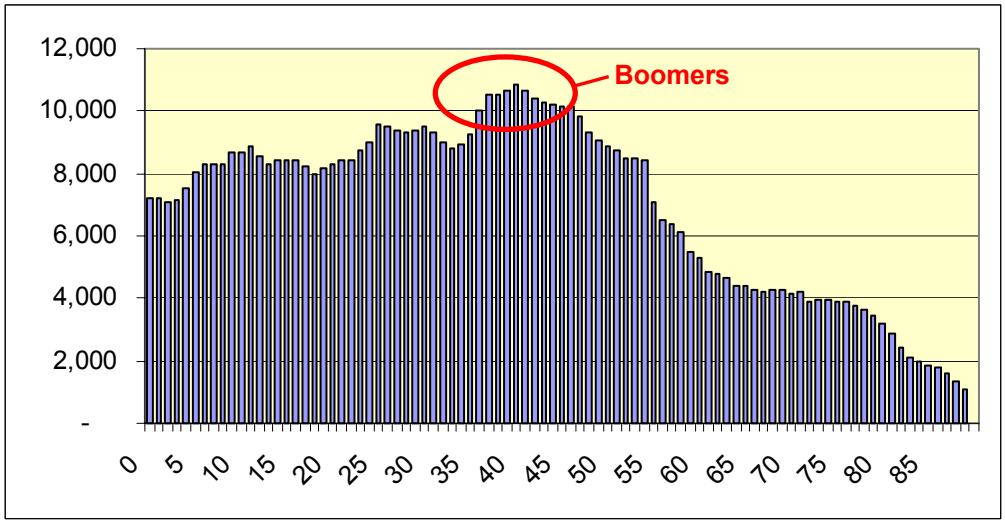
This trend, especially in Canada, can be largely associated with the 'baby boom' phenomenon and the impact of an increasing average population age. The 'echo' generation reaching household formation stages will also play a significant role in the continuation of this trend.

Firstly, with respect to the baby boom phenomenon, there are an increasing number of people over the age of 50 (a trend expected to continue for the next 10 years. An increasing number of older people correspond with an overall decrease in household size, as more people will be living alone or with one other person. Also, in Winnipeg the bulk of the people who have moved out of the city to other provinces (inter-provincial migration), have been younger people in the 25-35 age cohort. As a result, Winnipeg has an older than typical age profile when compared with cities such as Calgary or Edmonton. This has an impact on the average household size, contributing to Winnipeg having a lower household size than Canada as a whole.

The age profile for Winnipeg for 2001 (Figure 5) illustrates the 'baby boom' influence. This age cohort (large portion between the ages of 40-50) is noted as a distinct and disproportionately large 'bulge' in the profile. In 2001, the baby-boomers represent roughly 31 per cent of the total population. As this group ages, it will move into the 50-60 age cohort over the next decade. This is a pre-seniors group that may seek early retirement, but who are not likely to define themselves as seniors for another 20-25 years. The proportion of the population over the age of 65 is expected to rise from 13.3% in 2001, to 17.6% by 2021 (Figure 6).

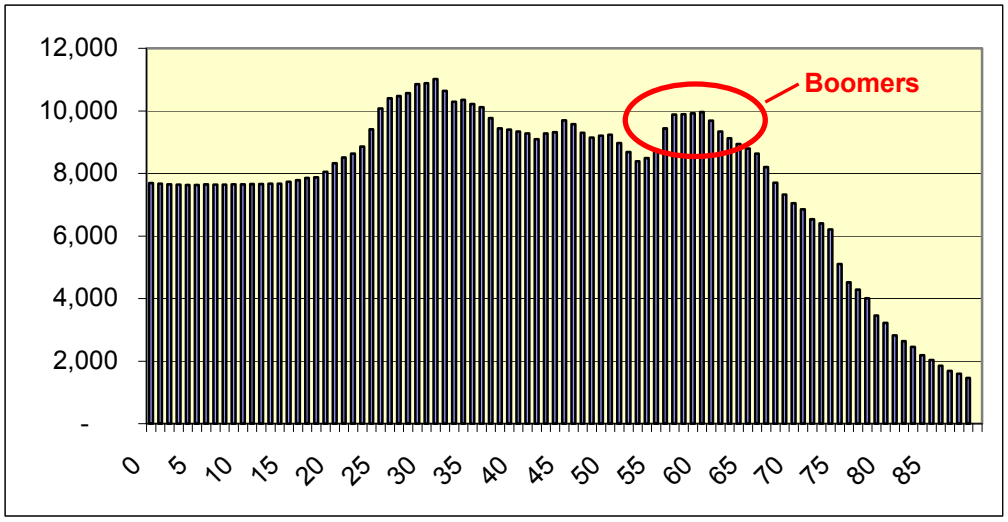
[7] Household and Family Projections. Australian Bureau of Statistics, October 1999, updated June 2002.
[8] Overview of Household Projections for Japan – Oct. 1998. National Institute of Population and Social Security Research

Figure 6. Population by Age – Winnipeg (2001)



Source: Conference Board of Canada - Winnipeg Long Term Population Projection, April 2002 – derived from 92.3% of CMA population

Figure 7. Population by Age – Winnipeg (2021)



Source: Conference Board of Canada - Winnipeg Long Term Population Projection, April 2002 – derived from 92.3% of CMA population

A second notable influence on Winnipeg's population is the effect of the 'echo' generation (children of the "baby boomers"). This generation is smaller in overall numbers than that of its parents at the present time, which is mostly due to falling fertility rates. However, the echo is still significant enough to represent a second 'bulge' in the 2001 age profile. This generation is beginning to move out of the family home, resulting

in a decrease in the average household size of the family of origin, while establishing new households of their own with one or two individuals living together.

Finally, fertility rates have declined dramatically to well below the standard replacement rate of 2.1. In addition, women have been waiting longer to have children, which places additional pressure on household size (smaller household sizes).

To suggest that the trend in decreasing household size would *not continue*, and may in fact reverse, would mean that one or more of the following factors would have to change:

- An increase in fertility rate.
- A significant increase in international migration of larger families to Winnipeg.
- A significant reversal of inter-provincial migration, resulting in an increase in the 25-35 year old age cohort and a corresponding reduction in average age trends.

Over the short to medium term, giving consideration to the above factors, it is not likely that there will be a reversal in the decrease in household size. Fertility rates are projected to remain constant, and the rate of international migration to Winnipeg has levelled out, but has been projected to increase slightly. Although there have been recent indications that the rate of inter-provincial migration is shifting to the positive, it remains to be seen if this is a trend or an anomaly. From a longer-term perspective, the Province of Manitoba is attempting to increase international migration to Manitoba, which could bring additional families to Winnipeg. Projections utilized in this report do not include a major increase in immigration to Manitoba, however should this occur, household size could start to increase in proportion to the overall increase in total population.

Given these factors, this report projects that household size will continue to drop over at least the next decade, and will eventually level off. Over the long term (20+ years), household size could rise slightly, should Manitoba be able to attract significantly more international migrants. For projection purposes, this report has assumed that the current rate of decrease in household size will reflect the same trend evident over the past ten years, where household size has declined from 2.60 in 1991 to 2.45 in 2001. This report projects an average household size of 2.30 by approximately year 2011.

3.2 Demand Implications of Key Indicators

SECTION HIGHLIGHTS

- The two key indicators for housing demand are: **declining household size**; and **population increases**.
- Two demand scenarios are projected - a **greater and a lesser scenario** based on the combination of these two key indicators.
- Even during periods of population decline, **demand for additional housing is experienced** due to the increasing number of households, directly correlated to decreases in household size.
- From 1996 to 1998 while the population of Winnipeg was declining, **building permit activity remained constant**.

The data presented in the previous section suggests that household size will continue to decline over the next decade, and that the population will either increase steadily or moderately. When the key indicators are combined, two demand scenarios are projected, reflecting greater and lesser housing demand.

Household size, as one of the key indicators in each scenario, has previously been shown to have a substantial direct impact upon the demand for housing. Any decrease in average household size is directly correlated to the increase in the total number of households required to accommodate the same population.

To illustrate this scenario in the Winnipeg context, Table 3 shows that with a stable population of 630,800 (CAO Secretariat population for 2001), and a marginal decrease in the number of persons per household (2.45 to 2.30) a substantial number of additional dwelling units (16,800) would be required to house an unchanged population size.

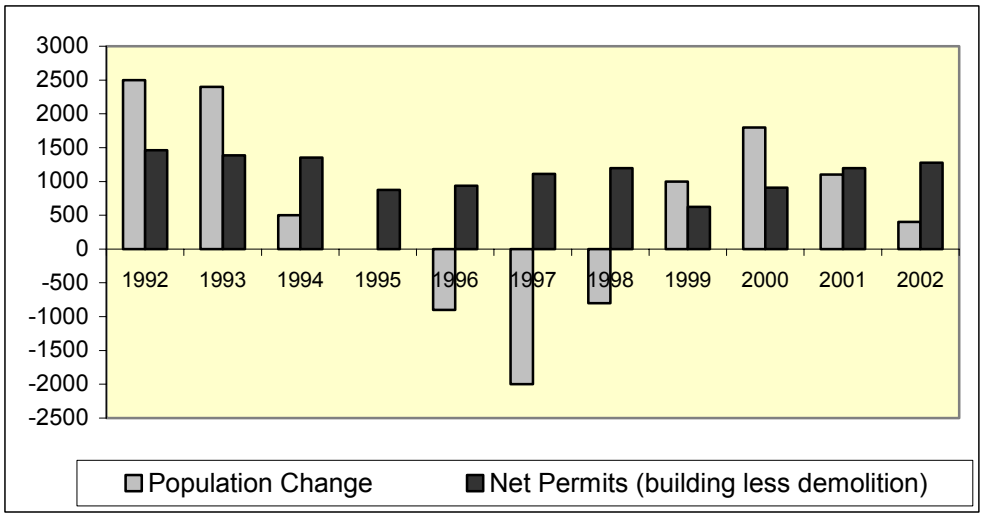
Table 3: Dwelling Unit Demand as a Function of Household Size – Winnipeg

Household Formation Scenarios (Average Household Size)		
2001	Population	630,800
	Persons per household	2.45
	Dwelling Units	257,500
2011	Population (unchanged)	630,800
	Persons per household	2.30
	Dwelling Units Required	274,300
Additional dwelling units required to meet the needs of the same size population		**16,800**

This suggests that even in a state of stagnant population growth, an overall decline in the number of persons per household will create significant demand for new housing. This helps to explain an interesting trend relating population change and building permit activity in the Winnipeg context.

Figure 7 illustrates that during periods of population loss in Winnipeg, the amount of new residential construction did not concurrently drop to a negative or loss. Building permit data confirms that throughout the 1990s while the rate of population growth in Winnipeg was dropping (and with overall population actually *declining* from 1996 to 1998), the net number of new dwelling units constructed (permits less demolitions) each year remained consistently within the 700 to 1,400-unit range.

Figure 8. Population Change and Building Permits – Winnipeg 1992-2002



Source: City of Winnipeg CAO population figures; City of Winnipeg Permit Data reflecting total single-family and multi-family building permits, less units demolished.

4.0 EXISTING MARKET CONDITIONS

In addition to population trends and household size, there are a number of other factors that contribute to projecting future demand for housing. This section will review the *existing* housing situation in Winnipeg, in order to assist in quantifying housing demand *projections*. Section 6.0 in Part II of this report will further utilize this information in projecting the future demand for new housing.

Variables considered in this section include:

- Housing Type – Single and Multiple Family;
- Market Share – Infill Development;
- Market Share – City Centre Multiple Family;

- Market Share – Four quadrants of Winnipeg and Fort Garry;
- Rental Market; and
- Resale Home Market.

4.1 Housing Type – Single and Multiple Family

SECTION HIGHLIGHTS

- There has been a significant reduction in the number of multi-family units constructed in Winnipeg over the past ten years. Most new construction has included some form of equity investment either as a condominium or life-lease.
- The single-family/multi-family split has shifted over the past five years from approximately 64 / 36% in the late 1980's, to 78 / 22%.
- This report focuses on two housing type scenarios: the first assumes a move back to traditional multi-family/single family ratios similar to the pre 1990s era (65/35). The second scenario proposes a continuation of the more recent ratios (70/30).
- Detached home ownership is still the preference for a majority of people in Winnipeg, which is consistent in almost all age brackets.
- A strong shift to multiple family units may not occur until the peak of the baby boom generation reaches closer to the age 70 cohort (20-30 years).

For descriptive purposes, 'housing-type' has traditionally been grouped into two categories: *single-family*, which includes detached and semi-detached houses; and *multi-family*, including apartments and attached housing (row or townhouse units). Typically, these descriptions do not distinguish between tenure status types (ownership and rental). 'Single-family' includes single-family dwellings and semi-detached. Multi-family includes apartments and row housing. Data does not include annexed municipalities permits from 1986-1992.

Construction of new housing in Winnipeg during the late 1980's (1986-1990), as illustrated in Table 4 and Figure 8, included approximately 64% single-family units and 36% multi-family units (throughout the entire 1980's, the split was even closer - approximately 62/38). During the 1990's, the split had shifted towards a higher proportion single-family units at an average of 77% single-family, 23% multi-family units.

'Single-family' includes single-family dwellings and semi-detached. Multi-family includes apartments and row housing. Data does not include annexed municipalities permits from 1986-1992.

The reduction in new multi-family units throughout the 1990's is linked to the lack of new rental apartment construction, which is primarily due to poor economic returns for investors, and to a lesser degree, the near elimination of government subsides for new non-profit and social housing units. More recently, through a number of government initiatives (City, Provincial and Federal programs) some funding has returned to inner city housing, however has not yet had any significant impact on the overall number of units being developed or the housing split. Government subsidies are also not expected to have a substantial impact on the economic returns for private investors either.

Almost all-new multi-family units constructed in Winnipeg since 1990 have involved some form of equity investment (i.e. life-lease or condominium purchase). In addition, lower interests rates, a stable provincial economy and a sufficient supply of moderately priced new and resale single-family houses have made ownership an affordable option for a large percentage of Winnipeg's population. Over the last few years however, the number of resale homes on the market has declined drastically, and housing prices for both new and resale homes have started to increase at a rapid rate. These issues and related implications are discussed in subsequent sections of this report.

Despite the trend towards more single-family units, the projected continuation in the reduction of average household size correspondingly suggests the potential for a greater demand for smaller units – which could be interpreted as an increase in the demand for multi-family units and/or smaller single-family units. Once again, the impact of an aging population may have a significant influence on housing. As the 'echo' generation matures and moves out to form their own households, an increasing number of singles, couples and single parent households may opt for housing choices other than single-family dwellings.

On the other hand, detached home ownership is still the preference for a majority of people in Winnipeg, which is consistent in almost all age brackets. A strong shift to multiple family units may not occur until the peak of the baby boom generation reaches closer to the age 70 cohort, typically when maintaining a home becomes increasingly difficult. This generation will not start reaching their 70s for another twenty years, with the bulk of the baby boomers reaching this age ten years after that.

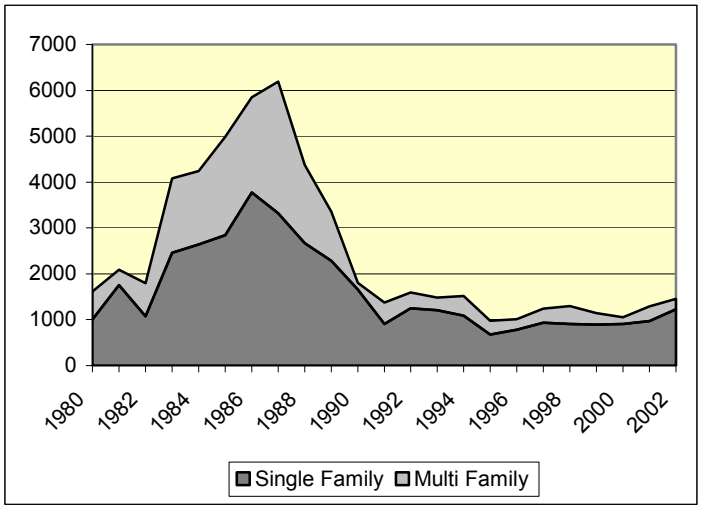
Table 4. Building Permit Summary – Winnipeg (1980-2002)

Year	Single Family	Multi Family	Total	% SF	%MF
1980	1,006	608	1,614	62%	38%
1981	1,755	332	1,987	88%	12%
1982	1,071	729	1,800	59%	41%
1983	2,461	1,621	4,082	60%	40%
1984	2,640	1,602	4,242	62%	38%
1985	2,840	2,149	4,989	57%	43%
1986	3,778	2,070	5,848	65%	35%
1987	3,322	2,867	6,189	54%	46%
1988	2,665	1,708	4,373	61%	39%
1989	2,287	1,071	3,358	68%	32%
1990	1,657	145	1,802	92%	8%
1991	902	468	1,370	66%	34%
1992	1,245	353	1,598	78%	22%
1993	1,205	281	1,486	82%	18%
1994	1,084	433	1,517	71%	29%
1995	673	299	972	69%	31%
1996	777	230	1,007	77%	23%
1997	935	302	1,237	76%	24%
1998	905	394	1,299	70%	30%
1999	892	251	1,143	78%	22%
2000	904	151	1,055	86%	14%
2001	967	325	1,292	75%	25%
2002	1,226	232	1,458	84%	16%
TOTAL (1980-2002)	**37,197**	**18,621**	**55,818**	**67%**	**33%**

TOTAL (1980-1989)	**23,825**	**14,757**	**38,582**	**62%**	**38%**
TOTAL (1986-2002)	25,424	11,580	37,004	**73%**	**27%**
TOTAL (1986-1990)	13,709	7,861	21,570	**64%**	**36%**
TOTAL (1990-1999)	10,275	3,156	13,431	**77%**	**23%**
TOTAL (1998-2002)	4,894	1,353	6,247	**78%**	**22%**

Source: City of Winnipeg Planning, Property and Development Department.

Figure 9. Residential Building Permit Summary – Winnipeg (1980-2002)



Projection:

In light of these considerations, in order to establish a range of figures from which to work with, this report adopts two housing type scenarios. The first scenario places an emphasis on multi-family construction and subsequently proposes a split between single family and multi-family to be *65/35%* respectively, closer to the pre 1990s average. The second scenario proposes that the more recent average split between single and multiple-family housing will continue – that split being approximately 70/30% respectively.

4.2 Market Share

For analytical purposes, the City of Winnipeg is divided into four geographic quadrants (plus city center). The four quadrants are northwest; northeast; southeast and southwest. For the purposes of this study, the boundaries are roughly divided by the two rivers (Red and Assiniboine) plus Dugald Road forming an approximate boundary between the northeast and southeast quadrants. The focus of this report is on the Fort Garry area within the southwest quadrant, which consists principally of the lands south of Wilkes Avenue and west of the Red River.

4.2.1 Single-Family Infill Development

SECTION HIGHLIGHTS

- City of Winnipeg permit data indicates that an average of **14 new homes per year** have been built within City-designated 'Major Improvement' or 'Rehabilitation' areas.
- This report assumes that **existing revitalization initiatives will continue**, as will interest in established neighbourhoods. The assumed increase in the number of new infill dwellings being constructed in established neighbourhoods is between **80-100 single-family dwellings per year**.
- Currently, about 2% of the total number of new homes built in Winnipeg are outside of typical new home residential developments (i.e. infill). This report assumes that **5% of the total number of single-family dwellings will be constructed on an infill basis**.

Each year there are a number of single-family homes constructed on infill lots or in small infill developments in older established neighbourhoods. The vast majority of new single-family homes, however, are built in newer suburban or semi-suburban residential developments.

Permit data from the City of Winnipeg indicates that on average, about fourteen (14) new homes per year have been constructed in neighbourhoods identified by the City as "Major Improvements" or "Rehabilitation" neighbourhoods. Recent government initiatives have focused redevelopment efforts within a number of these identified neighbourhoods. This report assumes that revitalization initiatives will continue and the total number of new homes built within major improvement, rehabilitation and other established neighbourhoods will increase.

Projection:

This report assumes that 5% of the total number of new single-family dwellings will be constructed on an infill basis within established neighbourhoods. This would encompass a significant increase in the present situation of only approximately 2%.

4.2.2 Multiple Family Development and the City Centre

SECTION HIGHLIGHTS

- There has been a **significant decrease in multi-family construction** through the 1990s. The lack of development can be attributed to the withdrawal of private developers from the market due to poor returns on investment, along with government taxation and housing policies.
- Most new multi-family construction through the 1990s has been in **private condominium and life-lease projects**.
- Increased multi-family development in the city centre may be **stimulated by warehouse/loft conversions aided by incentives** through Centre Venture. Should there be a shift in other government taxation and housing policies, additional development could occur.
- This report projects an **increase to 20-25% of multiple family housing starts** to occur in the downtown and city centre neighbourhoods, which represents a dramatic increase in the market share for downtown.

Downtown Winnipeg and surrounding neighbourhoods (referred to here as the 'city centre') historically attracted a significant proportion of Winnipeg's new multiple family development. Throughout the 1980s, approximately 30% of new multiple family units were built in this area. This included approximately 20% in the downtown alone. Throughout the 1990s, however, two significant changes occurred which have dramatically altered the situation to the point where no new multiple family development has been constructed in the downtown area.

4.2.3 Elimination of Federal Subsidy Programs:

The first is the curtailment and elimination of federal subsidy programs that were available for non-profit and rent-to-income housing. The majority of non-profit and public units constructed in the previous decades were in older neighbourhoods. The withdrawal from the marketplace of non-profit rental unit developers and the public sector has greatly reduced the amount of new construction in older neighbourhoods and the city centre.

Throughout the 1990s and continuing today, most new multi-family construction in the city has been private market condominiums or non-profit life lease projects, which has also experienced a significant shift in form. Up to the early 1990s, most condominium development had been multi-storied higher density development. Current trends reflect a lower density, bungalow style development (7 – 8 units per acre), and medium density condominium and life-lease projects. A majority of these projects have been built in newer communities due mostly to the availability of suitable development sites.

A recent trend suggests that the number of medium density condos/life-lease projects being built in central neighbourhoods is increasing, but not to previous historic levels. Other potential new trends for multi-family housing in downtown Winnipeg include warehouse/loft conversions. Incentive programs, such as those provided through CentreVenture and an increase in market interest for this form of housing may spur some additional development.

4.2.4 Withdrawal of Private Sector Investment:

The withdrawal from the market by developers of apartment rental units is the other major change influencing multiple-family housing construction. Since the early 1990s, principally due to poor or non-existent returns on investment, there have been no significant rental projects built in Winnipeg. Without significant changes in the rental market (i.e. greater economic returns) and government policies (i.e. federal taxation policy and rent controls), there will be very little if any additional rental housing constructed in downtown or anywhere else in Winnipeg. Recent tri-level government initiatives have begun to address some of the critical issues surrounding affordable housing in the inner city, however do not seem to be addressing the market or economic shortfalls. As of yet there has not been any significant increase in multi-family construction and particularly rental in the downtown and city centre.

Projection:

Considering these influences, this report projects an *increase* in the market share for the city centre. It is projected that about 20-25% of the total multiple family construction in the city will be located within the city centre area.

4.2.5 Market Share in the Four Quadrants and Fort Garry

SECTION HIGHLIGHTS

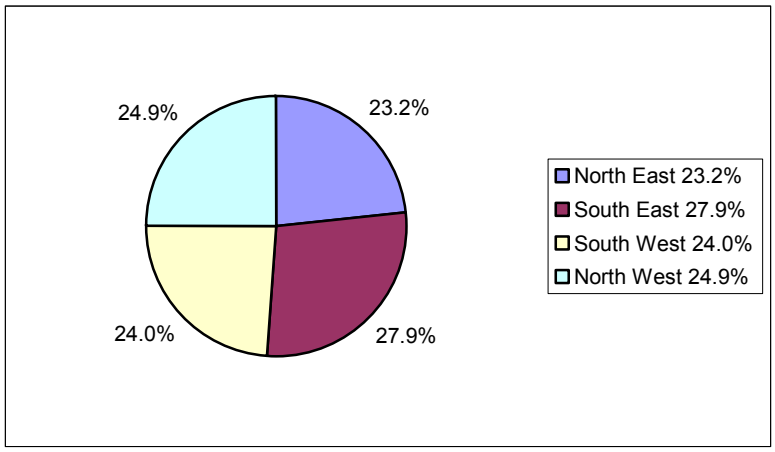
- Historically, the single-family market share has been approximately 25% in each of the four quadrants of the City of Winnipeg
- A shift in market share began in the early 1990s due to market preferences and supply, with 38% of new homes being constructed in the southwest quadrant.
- Housing demand in the northern quadrants of the city has shifted to surrounding municipalities. If these municipalities were included in the total of single-family starts in the city, the percentage of housing starts in north Winnipeg would be approximately 35-40%.
- This report supports southwest Winnipeg attracting between 30-35% of the residential market with availability of supply.

Historically, the four quadrants of Winnipeg have displayed similar amounts of single-family development, around 25% per quadrant. This was the case throughout much of the 1980s, when 3,000 new homes were being constructed per year (Figure 9). A shift began to occur in the early 1990s and continues on today (Figures 10 and 11). A greater proportion of construction has occurred in southeast and southwest Winnipeg in comparison to the northeast and northwest.

Over the past 10 years, 35% of new homes built were in the southeast quadrant, 38% in the southwest, 13% in the northeast and 14% in the northwest. This shift is primarily due to market preferences and supply. Housing demand and supply in north Winnipeg has shifted outside of the city limits into surrounding municipalities. If the number of single-family housing starts in the surrounding municipalities were included in the analysis, the percentage of housing starts for north Winnipeg would be closer to 35-40%.

The Fort Garry area has dominated the new home market in the southwest quadrant of Winnipeg, with consistently over 90% of this market over the past decade.

Figure 10. New Single-family Market Share by Quadrant –Winnipeg 1986

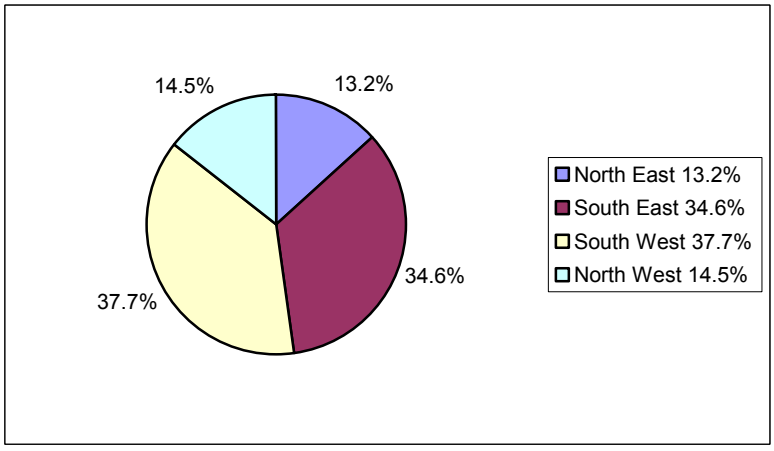


Source: City of Winnipeg housing permits.

Projection:

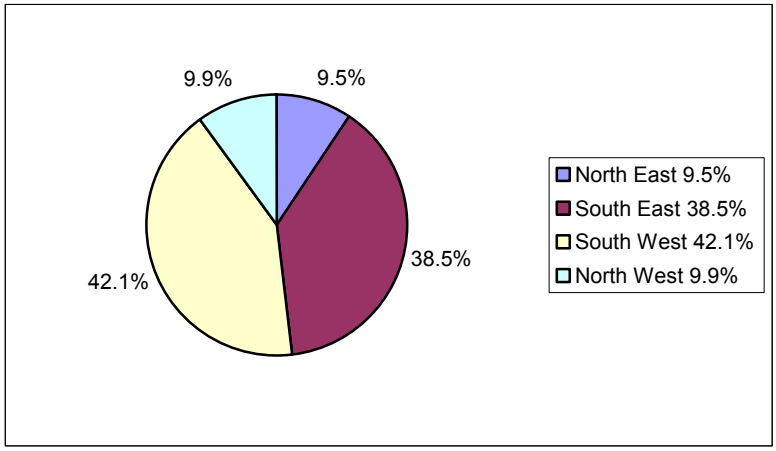
The demand scenarios prepared for this report project between 30-35% of new residential construction will occur in the southwest quadrant of the city. As previously indicated, the southwest quadrant of the city has typically been absorbing about 35% of total residential construction, and more recently over 40%, with the Fort Garry area absorbing about 90% of this demand.

Figure 11. New Single-family Market Share by Quadrant – Winnipeg 1993 - 2002



Source: City of Winnipeg housing permits.

Figure 12. Market Share by Quadrant 2002 – Winnipeg New Single-family



Source: City of Winnipeg housing permits.

The first scenario proposes that the southwest quadrant would attract close to an equal share of new development (outside of city center) in Winnipeg as the other quadrants. This scenario projects that 30% of new non-city center development will occur in southwest Winnipeg. This projection assumes that the other quadrants of the city will be capable of absorbing an increase in market share.

The second scenario proposes that the southwest would attract a similar proportion of the market that it maintains today (i.e. 35% of development outside of city center). This would be consistent with projecting existing trends outward (although slightly less than the immediate past).

4.2.6 Rental Market

SECTION HIGHLIGHTS

- There has been basically no new rental stock created in Winnipeg over the past decade, whereas in fact, the total rental universe has actually declined by 7%.
- There has been a steady decline in vacancy rates throughout 1990s to a 1% vacancy rate today, with many areas of the city actually at 0% vacancy.
- The immediate construction of 1,500 rental units would be required just to bring the market back to a relatively stable vacancy rate of 4%. At 300 new rental apartments per year, it would take five years to accomplish this. This would more than double the annual construction rate of multiple family housing.

Throughout the past decade, basically no new rental stock has been created in Winnipeg. In fact, the rental market has actually *decreased* in total units by approximately 7% during this period, primarily due to conversion to condominium ownership.

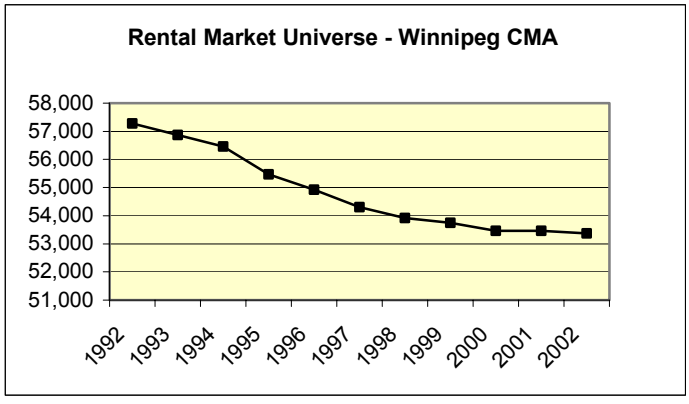
Table 5. Winnipeg CMA Rental Market Universe.

Year:	Rental Universe
1992	57,279
1993	56,867
1994	56,461
1995	55,468
1996	54,922
1997	54,305
1998	53,921
1999	53,750
2000	53,460
2001	53,460
2002	53,375

Source: CMHC

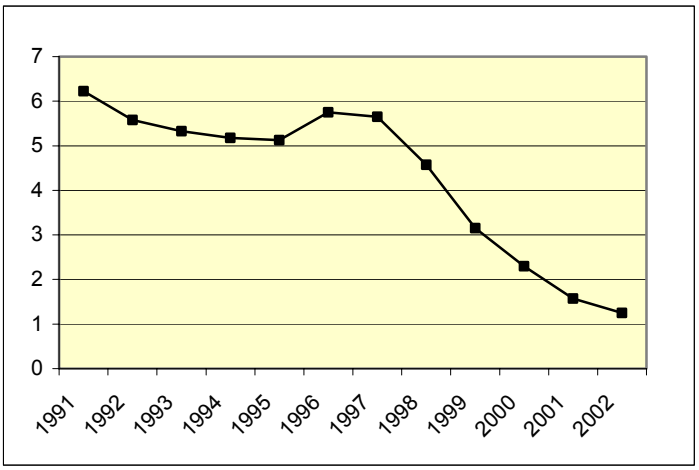
Since the mid 1990s, rental vacancy rates in Winnipeg have plummeted from 5.8% to 1%, and in many areas of the city the vacancy rate is essentially 0%. This is due to increased demand for rental units plus loss in overall rental universe. A substantial gap exists in what would be considered a healthy rental market of approximately 4% as defined by CMHC. The construction of 1,500 rental units would be required in order to bring the vacancy rate back up to a relatively balanced 3-4% vacancy. With the construction of 300 new rental apartment units per year, it would take five years of construction to reach this level, assuming that there is no additional increase in demand.

Figure 13. Winnipeg CMA Rental Market Universe.



Source CMHC: CMA numbers not expected to differ significantly from City proper since there is a limited supply of rentals outside City limits

Figure 14: Vacancy Rates: Winnipeg CMA (1991-2002)



Source CMHC: CMA numbers not expected to differ significantly from City proper since there is a limited supply of rentals outside City limits

Projection:

This report incorporates consideration of 1,500 rental units into the demand scenarios, corresponding with the number of units required simply to establish a balanced rental market.

4.2.7 Resale Home Market:

SECTION HIGHLIGHTS

- Sales of resale homes have remained steady over the past decade; however there has been a dramatic drop in listings. This has resulted in a strong seller's market with a nearly 73% sales to listing ratio.
- Housing prices have increased nearly 20% since 1999.
- Demand is outstripping supply in all areas resulting in increased construction and resale prices, which affects affordability in all markets.
- Listings have dropped from 30,000 in 1992, to fewer than 14,500 in 2002.

The resale home market has also experienced significant changes since the mid 1990's.

The demand for resale homes has far outstripped supply to a point where a strong seller's market has been established and shows no sign of relenting. Sales over the past decade have been relatively constant at an average of approximately 10,300 per year. The dramatic shift, however, has been in the *number* of listings. Listings have dropped

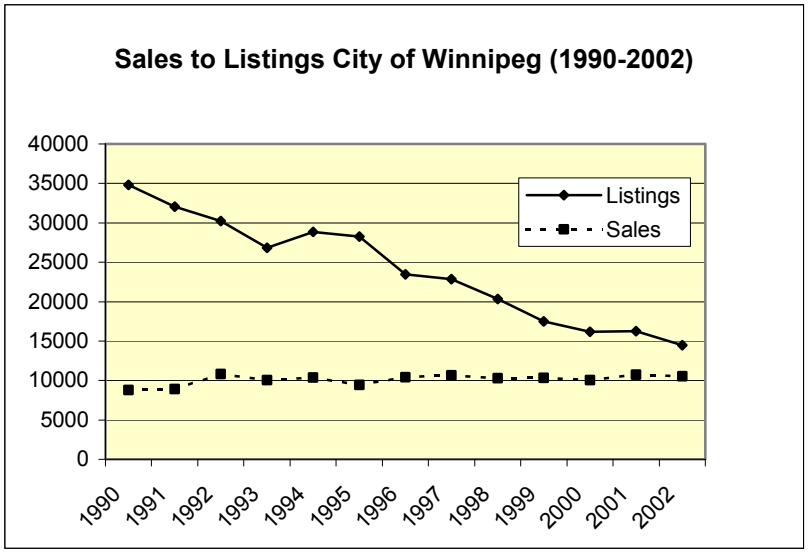
continuously over the past decade from just over 30,000 in 1992, to fewer than 14,500 in 2002, with sales to listing ratios of nearly 73%.

Table 6. Resale Housing Market – Winnipeg 1990-2002

Year	Listings	Sales	Ratio	Av. DOM
1990	34,823	8,808	25.3%	48
1991	32,073	8,928	27.8%	49
1992	30,240	10,807	35.7%	47
1993	26,819	10,051	37.5%	46
1994	28,836	10,379	36.0%	45
1995	28,264	9,434	33.4%	41
1996	23,480	10,422	44.4%	83
1997	22,856	10,656	46.6%	93
1998	20,349	10,298	50.6%	74
1999	17,488	10,353	59.2%	61
2000	16,164	10,042	62.1%	64
2001	16,241	10,749	66.2%	50
2002	14,462	10,539	72.9%	48

Source: Winnipeg Real Estate Board. (Av. DOM- Average Days on Market)

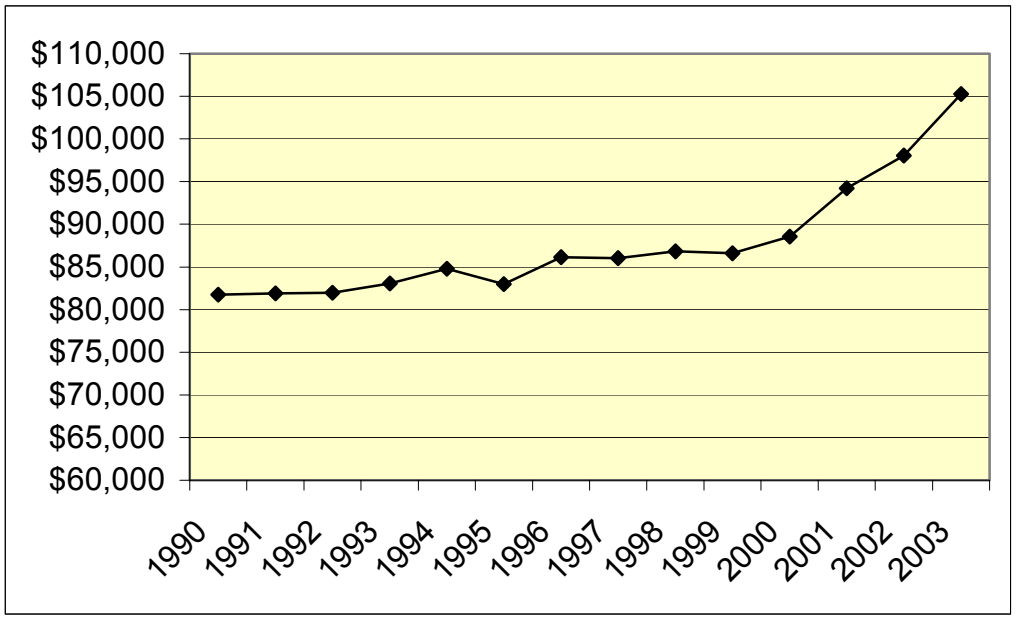
Figure 15. Resale Housing Market – Winnipeg 1990-2002



Source: Canadian Real Estate Association MLS Online.
*May 2003 Winnipeg Real Estate Board

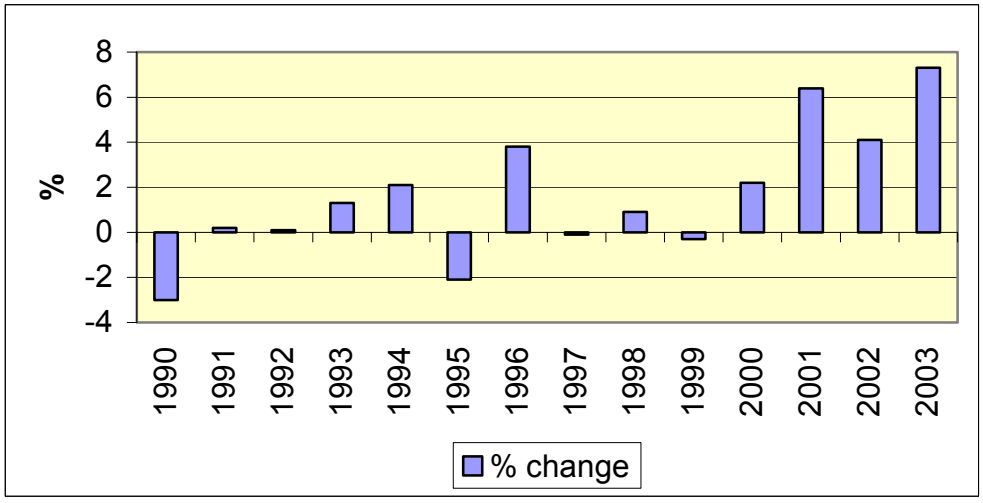
With limited supply in the resale market, combined with low interest rates and a strong provincial economic outlook, a strong sellers market has been established where homes are selling fast and at or above list prices. This trend is projected to continue.

Figure 16. Average Resale Home Price – Winnipeg 1990-2003



Source: Canadian Real Estate Association MLS Online, *May 2003 Winnipeg Real Estate Board

Figure 17. Average Resale Home Price % Change – Winnipeg 1990-2003



Source: Canadian Real Estate Association MLS Online, *May 2003 Winnipeg Real Estate Board

Table 7. Average Resale Home Price – Winnipeg 1990-2003

Year	Price	% Change
1990	$81,740	-3
1991	$81,892	0.2
1992	$81,990	0.1
1993	$83,058	1.3
1994	$84,812	2.1
1995	$82,994	-2.1
1996	$86,142	3.8
1997	$86,040	-0.1
1998	$86,838	0.9
1999	$86,614	-0.3
2000	$88,553	2.2
2001	$94,214	6.4
2002	$98,054	4.1
2003*	$105,265	7.3

Source: Canadian Real Estate Association, MLS Online.
*May 2003 Winnipeg Real Estate Board

PART II: SUPPLY AND DEMAND

5.0 DEMAND PROJECTIONS FOR RESIDENTIAL HOUSING MARKET

SECTION HIGHLIGHTS

- This report projects two residential growth scenarios: a "Greater Demand" scenario and a "Lesser Demand" scenario. The resulting demand for new housing can be expressed as a range between the two.
- Throughout the past 20 years (1983-2002), over 50,000 new residential units were built, averaging over 2,500 per year.
- The total projected demand for new housing in Winnipeg is projected to be between 36,550 and 53,600 over the next twenty years. An average of between 1,850 and 2,680 units per year.

Section 3.0 of this report included discussion regarding four possible growth scenarios based on two key variables: population change and average household size. For reasons outlined in Section 4.0, two scenarios were chosen for further investigation and analysis. Both scenarios assume that the downward trend in average household size will continue before levelling off. The key variable distinguishing each scenario is the rate of population growth.

In addition to the key variables, a number of other market indicators have also been considered and were discussed in Section 5.0. These included:

- Housing Type – Single and Multiple Family;
- Market Share for Infill Housing;
- Market Share for City Centre;
- Market Share for the Four Quadrants and Fort Garry; and
- Rental Housing.

The following section applies all of the market variables to the key indicators of population and household size to produce two demand projection scenarios referred to as the 'Lesser Demand' scenario and 'Greater Demand' scenario. The resulting demand for housing is expressed as a range between the two.

5.1 Lesser Demand Scenario

This section details the assumptions associated with generating the lesser demand scenario, and presents the calculations used in reaching the demand estimates. The assumptions used in this scenario are as follows:

1. Population: a population increase of 18,600 persons within the first ten years (2011), and a total population increase of 39,700 after twenty years (2021) – based on CAO Secretariat projection to 2007 and forwarding out logarithmically by 0.32% per year.

2. Household size: decreasing from the current average of 2.45 persons per household to 2.30 within ten years and remaining constant thereafter.

3. 65:35 ratio of new construction – single-family to multiple family dwelling units.

4. 25% of new multiple family units to be built in downtown and city centre neighbourhoods.

5. 5% of single-family homes to be built on an infill basis in older neighbourhoods.

6. 30% market share for the southwest quadrant of the city

7. 1,500 new rental units to balance the existing rental market over the first 10 years.

The calculations used in reaching the lesser demand scenario are presented on the following two pages:

Lesser Demand Scenario – First 10 Years:

Projected 2011 population divided by average household size (649,400/2.30)	282,300 du
2001 population (CAO Secretariat) divided by average household size (630,800/2.45)	- 257,500 du
Additional dwelling units required to house the year 2011 city population	24,800 du
Plus demolitions (assumed at 75 per year)	750 du
Less supply of vacant rental apartments	0* du
Net Number of additional dwelling units required	**25,550* du**
Single Family Units:	
New single-family units – 65% of the market (25,550 x 0.65)	16,600 du
Less older neighbourhood infill (assumed at 5% of 16,600)	-830 du
Net increase in suburban neighbourhoods (first 10 years)	15,770 du
Net average in suburban neighbourhoods per year (first 10 years)	1,580 du
Choice of Southwest for SF homes per year (30% of market)	**474 du**
Multiple Family Units:	
New multiple family units – 35% of the market (25,550 x 0.35)	8,940 du
Additional rental units to balance market	1,500* du
Multi-family subtotal:	10,400 du
Less downtown and infill (assumed at 25% of 10,440)	-2,610 du
Net increase in suburban neighbourhoods (first 10 years)	7,830 du
Net average in suburban neighbourhoods per year (first 10 years)	780 du
Choice of Southwest for MF homes per year (30% of market)	**235 du**
Total Single-Family and Multi-Family Units Per Year in Southwest	**709 du**

* This report assumes that there is a net requirement for an additional 1,500 rental units to balance the rental market. This has been incorporated into the multi-family section within the first 10 years.

Lesser Demand Scenario – Second 10 years:

Projected 2021 population divided by average household size (670,500/2.30)	291,500
2011 population divided by average household size (649,400/2.30)	- 282,300
Additional dwelling units required to house the year 2021 city population from the 2011 population.	9,200
Plus demolitions (assumed at 75 per year)	750
Less supply of vacant rental apartments	0*
Net Number of additional dwelling units required	**9,950**
Single Family Units:	
New single-family units – 65% of the market (9,950 x 0.65)	6,470 du
Less older neighbourhood infill (assumed at 5% of 6,470)	-325 du
Net increase in suburban neighbourhoods (second 10 years)	6,145 du
Net average in suburban neighbourhoods per year (second 10 years)	615 du
Choice of Southwest for SF homes per year (30% of market)	**185 du**
Multiple Family Units:	
New multiple family units – 35% of the market (9,950 x 0.35)	3,480 du
Less downtown and infill (assumed at 25% of 3,480)	-870 du
Net increase in suburban neighbourhoods (second 10 years)	2,610 du
Net average in suburban neighbourhoods per year (second 10 years)	260 du
Choice of Southwest for MF homes per year (30% of market)	**78 du**
Total Single-Family and Multi-Family Units Per Year in Southwest	**263 du**

* This report assumes that there is a net requirement for an additional 1,500 rental units to balance the rental market. This has been incorporated into the multi-family section within the first 10 years.

5.2 Greater Demand Scenario

This section details the assumptions associated with generating the greater demand scenario, and presents the calculations used in reaching the demand estimates. The assumptions used in this scenario are as follows:

1. Population: a population increase of 34,200 persons within the first ten years (2011), and a total population increase of 77,700 after twenty years (2021) – based on Conference Board of Canada's Long Term Demographic Trends in Winnipeg's Metropolitan Area, April 2002.

2. Household size: decreasing from the current average of 2.45 persons per household to 2.30 within ten years and remaining constant thereafter.

3. 70:30 ratio of new construction – single-family to multiple family dwelling units.

4. 20% of new multiple family units to be built in downtown and city centre neighbourhoods.

5. 5% of single-family homes to be built on an infill basis in older neighbourhoods.

6. 35% market share for the Southwest area of the city

7. 1,500 new rental units to balance the existing rental market over the first 10 years.

The calculations used in reaching the greater demand scenario are presented on the following two pages:

Greater Demand Scenario – First 10 Years:

Projected 2011 population divided by average household size (665,900/2.30)	289,500 du
2001 population (Conference Board of Canada) divided by average household size (631,700/2.45)	- 257,800 du
Additional dwelling units required to house the year 2011 city population	31,700 du
Plus demolitions (assumed at 75 per year)	750 du
Less supply of vacant rental apartments	0* du
Net Number of additional dwelling units required	**32,450* du**
Single Family Units:	
New single-family units – 70% of the market (32,450 x 0.70)	22,700 du
Less older neighbourhood infill (assumed at 5% of 22,700)	-1,135 du
Net increase in suburban neighbourhoods (first 10 years)	21,565 du
Net average in suburban neighbourhoods per year (first 10 years)	2,155 du
Choice of Southwest for SF homes per year (35% of market)	**754 du**
Multiple Family Units:	
New multiple family units – 30% of the market (32,450 x 0.30)	9,750 du
Additional rental units to balance market	1,500* du
Multiple family subtotal	11,250 du
Less downtown and infill (assumed at 20% of 11,250)	-2,250 du
Net increase in suburban neighbourhoods (first 10 years)	9,000 du
Net average in suburban neighbourhoods per year (first 10 years)	900 du
Choice of Southwest for MF homes per year (35% of market)	**315 du**
Total Single-Family and Multi-Family Units Per Year in Southwest	**1,069 du**

* This report assumes that there is a net requirement for an additional 1,500 rental units to balance the rental market. This has been incorporated into the multi-family section within the first 10 years.

Greater Demand Scenario – Second 10 years:

Projected 2021 population divided by average household size (709,400/2.30)	308,400
2011 population divided by average household size (665,900/2.30)	- 289,500
Additional dwelling units required to house the year 2021 city population from the 2011 population.	18,900
Plus demolitions (assumed at 75 per year)	750
Less supply of vacant rental apartments	0*
Net Number of additional dwelling units required	**19,650**
Single Family Units:	
New single-family units – 70% of the market (19,650 x 0.70)	13,750 du
Less older neighbourhood infill (assumed at 5% of 13,750)	-690 du
Net increase in suburban neighbourhoods (second 10 years)	13,060 du
Net average in suburban neighbourhoods per year (second 10 years)	1,300 du
Choice of Southwest for SF homes per year (35% of market)	**455 du**
Multiple Family Units:	
New multiple family units – 30% of the market (19,650 x 0.30)	5,900 du
Less downtown and infill (assumed at 20% of 5,900)	-1,180 du
Net increase in suburban neighbourhoods (second 10 years)	4,720 du
Net average in suburban neighbourhoods per year (second 10 years)	470 du
Choice of Southwest for MF homes per year (35% of market)	**165 du**
Total Single-Family and Multi-Family Units Per Year in Southwest	**620 du**

* This report assumes that there is a net requirement for an additional 1,500 rental units to balance the rental market. This has been incorporated into the multi-family section within the first 10 years.

6.0 PROJECTED HOUSING DEMAND SUMMARY – WINNIPEG

SECTION HIGHLIGHTS

- This report has projected that the demand for new housing in Winnipeg over the next twenty years will be between **1,850 – 2,680 units per year** on average.
- Slightly over **2,500 units per year were created in Winnipeg on average** over the past 20 years, even with a slow down through the 1990s when the average was only 1,340 per year.
- The scenarios presented in this report support a **significant increase in infill development** and downtown residential development.
- The demand for housing in southwest Winnipeg is projected to range from **485 – 845 units per year**. Existing rates are within this range. The Fort Garry area is projected to require from 410 – 760 units per year.
- **The remainder of Winnipeg** – consisting of suburban and non-suburban development – would demand 1,155 – 1,452 units per year.
- This report projects a long term demand and need for all forms of housing throughout all of Winnipeg.

The scenarios presented have provided a high and a low range for the overall projected housing demand in Winnipeg over a twenty-year period. Based on the calculations presented in this report thus far, it can be expected that actual demand for housing in Winnipeg over the next two decades will be somewhere in within the high and low range.

The expected demand for single-family homes in Winnipeg over the twenty-year timeframe will range from 23,000 to 36,000 units (1,150 to 1,800 per year on average) and the expected demand for multiple family dwellings in the range of 14,000 to 17,000 (700 to 850 per year on average). A greater portion of housing demand is projected to occur over the first 10 years due to decreasing household size, which is projected to level off around year 2011, and by the addition of 1,500 rental units in the first ten years. Demand for housing will be driven primarily by population increase in the second ten years.

Again, it is also important to note that the population projections utilized in this report do not include significant increases in international migration as has been recently announced by the Provincial Government. Should immigration rates to Manitoba reach 10,000 or close to that figure, the demand for housing would likely double what is projected here.

The following tables present a summary of the demand projections outlined in this report.

Total Housing Demand Summary: Winnipeg			
First 10 Years	**Second 10 Years***	**Twenty Year Total**	**Average Per Year**
27,000 - 34,000	10,000 - 19,600	37,000 - 53,600	1,850-2,680

Single-Family Demand Summary: Winnipeg			
First 10 Years	**Second 10 Years***	**Twenty Year Total**	**Average Per Year**
16,600 - 22,700	6,500 - 13,700	23,100 - 36,400	1,155-1,820

Multiple-Family Demand Summary: Winnipeg			
First 10 Years	**Second 10 Years***	**Twenty Year Total**	**Average Per Year**
10,400 – 11,300	3,500 - 5,900	13,900 - 17,200	695-860

* The lower demand from 2011-2021 (the second ten years) is due primarily to household size remaining at a constant level from approximately 2011 onward, and an additional 1,500 rental units in first ten years simply to balance the rental market.

6.1 Single-Family Infill Demand Projection

Not all-new single-family housing demand will be in suburban areas of the city. This report factors-in provisions for new single-family infill housing within established neighbourhoods. The report assumes that 5% of new single-family homes will be constructed in older established neighbourhoods, which average out to between 80-110 new homes per year over the next decade.

Established Neighbourhood Single-Family Infill Demand Summary:		
First 10 Years	Second 10 Years	Twenty Year Total
830 - 1,135	325 – 690	1,155 - 1,825

6.2 City Centre Demand Projection

As previously discussed, downtown Winnipeg had historically captured up to 20% of new multi-family starts. Recent trends (over the past 10 years) indicate that there have been very few new housing starts in the downtown and surrounding neighbourhoods. This report projects that construction and conversions in the city centre will rebound to a point where it will recapture up to 20 - 25% of the multi-family housing market. On average, about 200 new units of multi-family housing could be created per year over the next decade.

City Centre Multiple Family Demand Summary:		
First 10 Years	Second 10 Years	Twenty Year Total
2,250 - 2,610	870 - 1,180	3,120 - 3,790

6.3 Fort Garry Demand Projection

The demand projections of this report indicate that the southwest quadrant of the city would absorb between 9,700-16,900 new residential housing units over the next two decades (or on average about 485-845 units per year). The Fort Garry area within the southwest quadrant presently averages over 90% of this market. Continuing this projection forward, Fort Garry would produce on average over twenty years, between 435 and 760 units per year.

A second scenario projects that 85% of the southwest quadrant market would be provided in Fort Garry. Construction in other areas within the southwest quadrant would have to pick up substantially. It is anticipated that there may be other residential development options within the southwest quadrant of the city over the next decade, in particular the Kapyong Barracks military base and possibly Ridgewood South. Continuing this projection forward, Fort Garry would produce on average over twenty years, between 410 and 720 units per year. These two scenarios are displayed in the following tables.

Fort Garry Demand Summary – 90% of Southwest Quadrant:			
Single-Family:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
4,266 – 6,786	1,665 – 4,095	5,931 – 10,881	296 – 544
Multiple Family:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
2,115 – 2,835	702 – 1,485	2,817 – 4,320	141 – 216
Total:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
6,381 – 9,621	2,367 – 5,580	8,748 – 15,201	437 – 760

Fort Garry Summary – 85% of Southwest Quadrant:			
Single-Family:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
4,029 – 6,409	1,572 – 3,867	5,601 – 10,276	280 – 514
Multiple Family:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
1,997 – 2,677	663 – 1,403	2,660 – 4,080	133 – 204
Total:			
First 10 Years	Second 10 Years	Twenty Year Total	Ave/Year
6,026 – 9,086	2,235 – 5,270	8,261 – 14,356	413 – 718

6.4 Projected Housing Demand Summary

Theoretical Demand: Historically the construction of new dwellings has often lagged behind what is often referred to as the "theoretical' demand. New dwelling units – including single-family houses, condos or even new rental units – are typically accessible only to persons of above average income due to the cost. The housing market traditionally has relied on 'trickle-down' theories of access: as people earn more and move up, they free up lower priced housing for those with less income.

Throughout the better part of the 1990s, the demand for new housing had lagged in Winnipeg in all sectors, particularly so in rental housing. Reasons for this vary, but include an economic recession of the early 1990s; limited population growth; and exurban development pressures from Capital Region communities among other factors. New single-family starts were being driven primarily by the decreasing household size (as opposed to overall population increase), and the limited number of multi-family housing starts were primarily properties requiring an equity investment including life-lease and condominiums. As previously discussed, the overall rental supply has actually decreased.

Secondary Market: The increase in demand for rental housing throughout much of the 1990s had tended to be for lower income persons, who would not be capable of finding accommodation within the traditional rental market. This demand in the market appears to have been met primarily through the conversion of larger single-family houses in older neighbourhoods into rooming houses, and by 'doubling up' in shared accommodation. This is what TD Economics refers to as the 'secondary market' in their June 2003 report on Affordable Housing in Canada. TD Economics identifies this market, as "a safety valve, but one that is not a stable supply and so by itself cannot provide a long-term solution to the affordable housing shortage."[9]

[9] Affordable Housing in Canada: In Search of a New Paradigm. TD Economics Special Report June 17, 2003.

Overall Summary: The combination of variables that this report has previously discussed including: the near 0% vacancy rates in the formal rental market; the instability of the secondary rental market; the limited supply of resale homes; strong long term provincial economic outlook; low interest rates, etc., – would indicate that that demand for housing of all formats in Winnipeg is at point not seen in well over a decade. It is at a point where the necessary demand for new housing may be very close to or equivalent to the theoretical demand.

In a situation where demand far outweighs supply, a trickle-down effect would create a situation where the cost for new housing would increase to a point where all economic brackets are affected. This situation seems to be present today and includes increased new home construction costs and increased resale home costs. This trend has a direct impact on affordability. This trend will be discussed in more detail in further sections of this report.

It is safe to conclude that the present housing situation and outlook in Winnipeg is very different than the situation over the past decade. The demand for new housing of all formats is rising, and will continue to do so for a number of years.

7.0 EXISTING SUPPLY OF RESIDENTIAL LANDS

SECTION HIGHLIGHTS

- Southwest Winnipeg, and Fort Garry in particular, has a very limited amount of residential land remaining. This report estimates that the home building industry will have absorbed the remaining supply within approximately 12 months, and full build out will occur in about 2.5 years.
- Major residential developments in southwest Winnipeg including Linden Woods, Whyte Ridge, Richmond West, Linden Ridge, South Tuxedo, etc., are all close to the end of the development cycle and will be fully built out within two to three years.
- Throughout the entire city of Winnipeg there is about a one year supply of available building lots to the home building industry that are readily serviced and have all approvals. An additional 1.5 year supply of residential lots could become available with additional municipal approvals and site servicing.
- Infill and *brownfield* redevelopment opportunities will not be sufficient to supply all future demand.
- Capital Region municipalities outside of Winnipeg may be capable of picking up some of the demand over the short term.

The availability of residential lands for development is dependent upon a number of variables. These variables include, but are not limited to:

Serviceability – the ability for lands to be readily serviced with water, sanitary sewer, land drainage and transportation infrastructure;

Land Use Authorizations – land use approvals including Plan Winnipeg, zoning, subdivision, etc.; and

Marketability and Location – general location and marketability of lands for residential use.

This section of the report provides a quantifiable summary of the availability of residential lots within the city of Winnipeg for new residential development and provide the justification for the need for additional residential lands.

7.1 City of Winnipeg – Vacant Lot Inventory Analysis

To identify and quantify the amount of land that is presently available within the city of Winnipeg for residential development, this report analyzes the City of Winnipeg's vacant lot inventory. The City maintains and tracks an inventory of vacant lots that have been created through land subdivisions. The bottom line of the inventory identifies approximately 6,000 vacant lots within the entire city. From the surface, this would seem like a significant amount of available land (approximately 5 year supply), but what the bottom line does not identify is the serviceability; the marketability; and the level of approval these lots have received.

The vacant lot inventory is broken down into three classifications (three reports), the first report identifies lots within subdivisions that have been given Third Reading by City Council, and the other two reports summarize dwelling unit '*potential'* at two key stages in the subdivision approval process (Report 2 – Approval in Principle by City Council; and Report 3 – Approval by Standing Policy Committee):

Report 1 is divided into three classifications, being:

- Serviced Lots: lands subdivided to the lot level and are now suitable for issue of a Building Permit. This generally will follow completion of a full range of municipal services including street pavement but excluding lot-servicing connections.

- Unserviced Lots: portions of land which have been subdivided to the lot level through the subdivision approval process but are not considered serviced.

- Block Level: land, which has only been subdivided to the block level and requires short-form subdivision approval from the City of Winnipeg before any building can take place.

Report 1 identifies a total of approximately 3,000 lots available for development. This in itself would represent about a two and a half year supply, however, this also needs to be further investigated.

Table 8. Report 1: City of Winnipeg Vacant Lot Inventory – Summary

Community	Serviced	Unserviced	Block	Total
City Centre	14	0	0	14
Assiniboia	301	61	178	540
Lord Selkirk/West Kildonan	40	32	548	620
East Kildonan/Transcona	36	44	872	952
Riel	338	311	254	903
Total:	**729**	**448**	**1,852**	**3,029**
Total Serviced & Unserviced Approved Lots	**1,177**			

Source: City of Winnipeg Vacant Lot Inventory May 2003

Between serviced and unserviced lots, there is *less than a one-year* supply of inventory. In most instances, the slightly over 700 serviced lots are either presently being built upon, or are being held by homebuilders for development this year or in future years. Therefore, these lots can be removed from future lot supply as they would be classified as *'present inventory'*. Also, a majority of the unserviced lots can be brought into the building inventory quickly as services are provided, and can also be considered to be present inventory. The Present Inventory of available building lots in Winnipeg is approximately 1,200.

Upon further review of the inventory at the block level – approximately 1,850 lots – over 90% of these are within six neighbourhoods (850 within Canterbury Park alone), and only *100* of these lots are within southwest Winnipeg. Many of these lots will start coming on-stream over the next few years, however, taking into consideration final approval, servicing and marketability – this report estimates that at least half of these lots will not be built upon over the next five years regardless of market pressure.

Report 2 of the vacant lot inventory identifies approximately 2,000 vacant lots. As previously discussed, these lots still require additional approvals from the City of Winnipeg, having been approved 'In Principle' only. Upon taking a further look, 95% of this supply is within eight neighbourhoods (none of which are in southwest Winnipeg), and a majority have significant servicing issues (including the approximately 600 lots within South St. Boniface B (east of Lagimodiere/Bishop Grandin)), or experience limited marketability.

This report assumes that only approximately 35 - 40% of Report 2 lots will be marketable and built upon within the next five years (approximately 750).

Table 9. Report 2: City of Winnipeg Vacant Lot Inventory – Summary

Community	Acres:	Single Lots:
City Centre	3.4	0
Assiniboia	10.0	13
Lord Selkirk/West Kildonan	75.8	267
East Kildonan/Transcona	229.9	953
Riel	347.0	821
Total:	**666.1**	**2,054**

Source: City of Winnipeg Vacant Lot Inventory May 2003.

Report 3 of the vacant lot inventory identifies lots that have not received any endorsement from City Council, however, have been approved by Standing Policy Committee. Approximately 1,000 lots are identified on Report 3; about 85% are within six neighbourhoods (including over half in one area alone – Ridgewood South with 550 lots). Similar to lots identified in Report 2, these all require additional City approvals, and again many are facing servicing issues which make them uneconomical to develop at this time. Given the additional approvals and site servicing requirements for these properties, this report estimates that 25% of these lots would be available for development within the next 5 years.

Table10. Report 3: City of Winnipeg Vacant Lot Inventory – Summary

Community	Acres:	Single lots:
City Centre	0.0	7
Assiniboia	181.6	650
Lord Selkirk/West Kildonan	15.7	63
East Kildonan/Transcona	3.4	87
Riel	11.6	172
Total:	**212.4**	**979**

Source: City of Winnipeg Vacant Lot Inventory May 2003

Vacant Lot Inventory Summary: The majority of developable lands that are designated as "Neighbourhood Policy Area" in Plan Winnipeg, have been identified in the City's Vacant Lot Inventory. The inventory identifies 1,177 lots, which are immediately available for development, and have been defined in this report as the present inventory. These lots are anticipated to be absorbed within the next 12 months and would therefore, not be available for future years development. Taking into consideration additional approval and servicing requirements, and the marketability of lands, this report estimates that Winnipeg has about an additional 1,900 lots that could be readily available for future

development – or about a year-and-a-half of supply of single-family residential lots. Unless a substantial amount of new residential lands become available for development, there could become a citywide shortage of developable lots within the next two to three years.

7.2 Southwest Winnipeg and Fort Garry

Southwest Winnipeg and Fort Garry in particular, are already experiencing a residential lot shortage. The supply of developable lots within most existing residential subdivisions (including Linden Woods, Linden Ridge, Whyte Ridge, Richmond West, South Tuxedo, etc.), will be fully absorbed by the home building industry within the next 12 – 16, months, and at an average construction rate of 300 new homes per year (8 year average), these developments will be fully built-out in slightly under two and a half years. Table 11 provides a summary of remaining lots within the Fort Garry area developments.

Table11. Vacant Lots – Fort Garry (May 31, 2003)

Neighbourhood	Vacant Lots
Richmond West	242
Linden Woods	151
Whyte Ridge	129
Linden Ridge	197
Total Fort Garry	**719**

City of Winnipeg Vacant Lot inventory Dec. 31, 2002 less permits to May 31, 2003.

Within southwest Winnipeg (outside of Fort Garry), an additional 135 lots are identified within Varsity View, South Tuxedo and Wilkes South. It is projected that these lots will also be built upon within the next two – three years also.

Outside of these existing developments, a number of other proposed or potential development opportunities have been identified within southwest Winnipeg, and Fort Garry. Within the Fort Garry study area, two potential single-family opportunities have been discussed, including Fairfield Park (possibly 300 single-family lots) and Brockville (possibly 200 lots). These two developments are not on-stream at this point and require additional approvals and servicing. Even should these areas be available for development, they will not adequately supply the demand for residential lots in Fort Garry, and would only provide about a year-and-a-half of supply.

Within southwest Winnipeg, discussions have been ongoing over the redevelopment of the Kapyong military barracks. As there have not been any approvals on this site, it is difficult to quantify the number of single-family residential lots that will be created. For the purpose of this report, it has been assumed that there may be upwards of 500 single/semi-detached units on this property.

The only other significant parcel of residential land within the southwest quadrant is Ridgewood south, in southwest Charleswood. The City's vacant lot inventory identifies 550 lots in Ridgewood South. However, this property requires additional approvals and significant servicing prior to any development. In both cases – Kapyong and Ridgewood South – the market for these areas will be significantly different that that of Fort Garry, and these areas would not satisfy the demand of the Fort Garry housing market.

To summarize, southwest Winnipeg and Fort Garry in particular, are nearing complete build-out of residential lots. Within Fort Garry, the existing lot inventory will be purchased by homebuilders within the next year and a half and full build out is expected within two and a half years. New developments within the Fort Garry area may be able to satisfy some limited demand for a very short period of time – should the necessary approvals be obtained and services constructed. However, these projects would not provide any form of medium to long-term market stability. Other markets in southwest Winnipeg do not presently, nor will they in the future, be capable of supporting the demand for residential development in the Fort Garry area.

7.3 Infill Opportunities – Established Neighbourhoods and Brownfield Redevelopment

The City of Winnipeg vacant lot inventory does not identify all vacant lots within established neighbourhoods, nor does it include potential lots that may be created through future subdivisions on existing underutilized lands such as former industrial properties. (often referred to as *brownfield* sites). What the inventory does identify are lots that have been established through subdivision over the past number of years. There are no such inventories or mechanisms to track the precise number of residential lots that may be available for new residential development within established neighbourhoods.

Previous estimates have identified the City of Winnipeg owning approximately 600 vacant lots within areas defined as *Major Improvement* or *Rehabilitation Neighbourhoods*. This figure, however, does not distinguish between lots that could actually be built upon, from lots that would not be suitable for new construction (i.e., many would not be of sufficient size, others are not located within residential areas, some may not be serviceable, etc.). However, assuming that all lots would be available for new development, this would represent less than a ½ year supply of single-family lots.

Even with a significant number of readily available building lots within established residential neighbourhoods, there are a number of questions that would have to be addressed before infill housing could be capable of supplying an increased demand.

1. Marketability – The existing market for new housing in Winnipeg is primarily for single-family detached homes, with an average selling price of over $200,000. There is an existing niche market for new infill housing in Winnipeg. However, to replace the demand that new suburban housing now attracts, infill housing would have to either be forced upon the market in large numbers, or become competitive in terms of cost and amenities by being bigger houses with attached garages , etc. Presently,

infill housing is not seen as being competitive with the broader new home market, but does fulfil an important niche market.

2. Market Gap – Existing infill housing efforts by non-profit community development agencies, have experienced a market gap of approximately $30,000 per house. This is the difference between the cost of construction and market value, and typically does not include the cost of land. The primary question would be how to address the market gap on a cost efficient basis to supply sufficient numbers of development lots on the open market. Existing government programs have been available to cover this market gap to-date. However, to make development attractive on the broader open market could require major subsidies in the millions of dollars.

3. Servicing/Re-servicing – The public services that are present within most older established environments (i.e. streets, water, sewer, etc.), tend to be out-of-date in comparison to new development. The provision of such local services (including land drainage) is a development cost within newly built areas and is ultimately borne by the consumer. It is uncertain how the large-scale redevelopment of existing infrastructure in infill environments would be covered. Should the individual consumer cover the cost, the market gap would further increase.

4. Redevelopment – The redevelopment and renovation of existing homes in established neighbourhoods, either through renovation or through demolition and reconstruction, would not provide any net increase to the total number of households required to house the population.

5. Gentrification – Gentrification is a term often used to describe the redevelopment of neighbourhoods that are in period of decline. Although the neighbourhood is being redeveloped, existing residents often view gentrification negatively, not positively. The reason being is that as the neighbourhood redevelops, affordability decreases to a point where existing residents can no longer afford to live there.

Brownfield redevelopment has become a unique trend and opportunity in many locations throughout North America. This concept involves redeveloping former industrial or commercial sites to neighbourhood uses. The major obstacle for redevelopment of *brownfield* sites has been the remediation costs for site contamination, or the perceived costs and implications of same.

There are a number of *brownfield* opportunities in Winnipeg, including the Public Markets site in St. Boniface, among others. The focus of this report is not to demonstrate the cost/benefit of brownfield redevelopment, however provisions within the demand scenarios for such development are included. Even with the inclusion of some *brownfield* development, the demand is such that there is still is a requirement for *greenfield* development. The opportunities within these infill areas will not provide sufficient

residential development sites to sustain the long term demand for new housing, and would also be targeting a different marketplace than traditional residential development.

7.4 Capital Region

The Capital Region municipalities, other than the City of Winnipeg, have grown by an average of 1.3% per year throughout most of the 1990s. According to the Regional Planning Advisory Committee (RPAC), growth from 1991-2001 was 10,560 people – roughly two and a half times the total growth of the city of Winnipeg.[10] Capital Region municipalities outside of Winnipeg have been averaging 550 housing starts per year over the past 15 years. The RPAC report indicates that the rate of population growth has been decreasing in the municipalities over the past decade, however, it still stands at approximately 1% per year.

The RPAC report indicates that there are about 1,200 urban-sized vacant lots (most within urban centres) and about 4,300 vacant rural lots (1/3 acre to 10 acres) available within municipalities outside of Winnipeg. From 1995 to 2000, about 1,400 residential lots were created in Capital Region outside of Winnipeg. Nine hundred of them (64%) were urban residential lots in towns, villages, hamlets, etc., and about 500 (36%) were rural residential lots.

The supply for residential lots outside of Winnipeg in the Capital Region is significant, and with a limited supply available in Winnipeg, this area may be able to pick up some of the demand, at the expense of the Winnipeg market, thus contributing to further exurban growth beyond what has been planned for.

7.5 Supply Summary

Through analysis of the City of Winnipeg Vacant Lot Inventory, it is estimated that the entire City of Winnipeg has approximately a little better than a one-year supply of readily available building lots – identified in this report as the 'present lot inventory' (1,177 lots within Report 1 – Serviced and Unserviced). An additional 1.5-year supply of residential lots could become available upon final municipal approvals and economic site servicing (1,900 lots). Of this, only *100* are identified within the southwest quadrant of the city.

The southwest quadrant, and Fort Garry in particular, are very near the end of developable residential lands. This report estimates that within two and a half years, almost every existing residential lot within active subdivisions will be built upon, and there is about a year and a half supply of lots available to the homebuilding industry. Even with the addition of two potential residential developments (Fairfield Park and Brockville) there will be no supply of building lots in Fort Garry within four years. The potential addition of Kapyong Barracks and Ridgewood South to the southwest quadrant market would have a limited impact on meeting the demand for residential development in the Fort Garry market.

[10] Strengthening Manitoba's Capital Region – General Principles and Policy Direction. Regional Planning Advisory Committee for Manitoba's Capital Region. April, 2002.

8.0 COMMERCIAL AND OFFICE LANDS

(See Royal Le Page Advisory Waverly West Long Range Market Assessment, Section 7, for a discussion on non-residential real estate analysis).

PART III: WAVERLEY WEST

9.0 WAVERLEY WEST

SECTION HIGHLIGHTS

- Development of Waverley West will be phased in over 18-25 years with all residential and commercial lands being fully developed. The area will consist of up to six distinct neighbourhoods, which will be linked to form one large community.
- The establishment of Waverley West supports many of the smart growth principles, as defined by the "Smart Growth Network" and encouraged by the Civic Environment Committee.
- Waverley West will be serviced by surrounding municipal services which can support the future development.
- An Area Structure Plan is proposed to be developed to define development goals and objectives, and provide the framework for the long-term development of Waverley West.
- The planning process for Waverley West will be unlike anything presented to the City of Winnipeg in the past, and will provide numerous opportunities for public input and feedback.

This report has been submitted to provide the evidence that displays the need for a policy amendment to Plan Winnipeg 2020 Vision. This amendment is required to provide for and to promote, long-term growth within the City of Winnipeg. Prior to development, this quadrant will undergo a planning process, which has not been applied anywhere else in the city of Winnipeg. An Area Structure Plan will ultimately be adopted by City Council as a Secondary Plan By-law, providing the long term planning direction for future development in Waverley West.

The development of an Area Structure Plan will address the regional needs of this quadrant in terms of planning, transportation, recreation and infrastructure. Prior to Council's approval, the plan will be subject to public open houses and a public hearing process. Following approval of a Secondary Plan and prior to development, these lands will be subject to the final approval process, a Development Application for Subdivision and Zoning (DASZ). This process is also subject to a public hearing.

The level of planning detail increases as the development proposal proceeds through these three levels. It will culminate in a DASZ application, which will lay out the final roadway design and land use dispersal, while complying with the planning direction of the Area Structure Plan. The entire process from initial concept to new home construction can take a substantial length of time (two – three years), and the Plan Winnipeg Amendment component is an initial step.

Each of these steps involves a separate consultation and approval process, which are identified and discussed in further detail in this report. This report does provide a conceptual look at the intended planning direction for Waverley West, but is not intended to present the level of detail that will surface in the Area Structure Plan and the final subdivision process. The following sections describe the Waverley West planning concept. Additional information is provided on the process needed to bring this land into production.

9.1 Waverley West Development Concept

Collaborative Approach: A collaborative approach involving the two principle land owners in the quadrant – Manitoba Housing and Renewal Corporation (MHRC) and Ladco Company Limited (Ladco), together with the City of Winnipeg, and the Province of Manitoba, have undertaken to coordinate the planning of this quadrant. This has initiated this Plan Winnipeg Amendment. A project Steering Committee containing members of each organization has been established to guide this Amendment, and will continue to provide input throughout the planning process. Public participation in the planning process will include at least two public open houses and a public hearing for the Area Structure Plan, which will ultimately require approval of City Council. In addition, public hearings are required prior to receiving Council's final approval to development any portion of this site.

Community of Neighbourhoods: It is envisioned that Waverley West will contain up to six distinct neighbourhood nodes, separated by arterial and regional roadways. These nodes are proposed to be linked to form one large community. It is estimated that Waverley West will consist of 2,500 developable acres, house between 10,000-12,000 households and contain 25,000-30,000 people. A density of approximately 4 units per gross acre will be achieved including residential and non-residential uses. This density exceeds that of neighbourhoods such as River Heights. It estimated that it will take 18 to 25 years to fully develop the residential and commercial lands and that this will occur over the next 18 to 25 years.

Linkages: The neighbourhood nodes are to be physically and perceptually linked to one and other, as well as to the broader community using a variety of measures. This will include a proposed linear park and land drainage system, together with an integrated transportation and transit system. These elements will link the community both internally and externally and provide for alternative transportation and recreation opportunities. Up to 20% of the acreage is proposed to be reserved for parkland dedication (parks and open spaces, land drainage components, lake impoundment areas and natural areas), which is significantly more than existing ratios throughout Winnipeg.

Focal Nodes: Each of the planned neighbourhoods will contain a central node such as a neighbourhood park, a neighbourhood centre, school, commercial or mixed-use core, etc., with the community focused onto a central 'spine' – Kenaston Boulevard. Kenaston Boulevard is proposed to become a unique transportation corridor – committed to continuing in its function as a high level transportation corridor – but also proposed to become a destination point, integrated into the Waverley West community fabric, and not acting as a dividing edge.

Housing and Land Use Opportunities: Waverley West will provide different housing options and opportunities. Commercial, business and mixed-use development will be promoted at key focal points and junctions along the Kenaston corridor. Central nodes for commercial retail and business services would be developed on local community markets. Multi-family residential development could be focused within close proximity to the central notes, close to community services and transportation.

Transportation Opportunities: Development in Waverley West can provide and support a variety of transportation choices and alternatives. Waverley West can be easily linked to the University of Manitoba and to the City's proposed Southwest Transit Corridor from Bison Drive. neighbourhood design can incorporate transit and pedestrian opportunities through linear parkway connections and street design. Higher density residential development can be promoted close to focal nodes, providing direct access to local shopping and services, as well as to public transit.

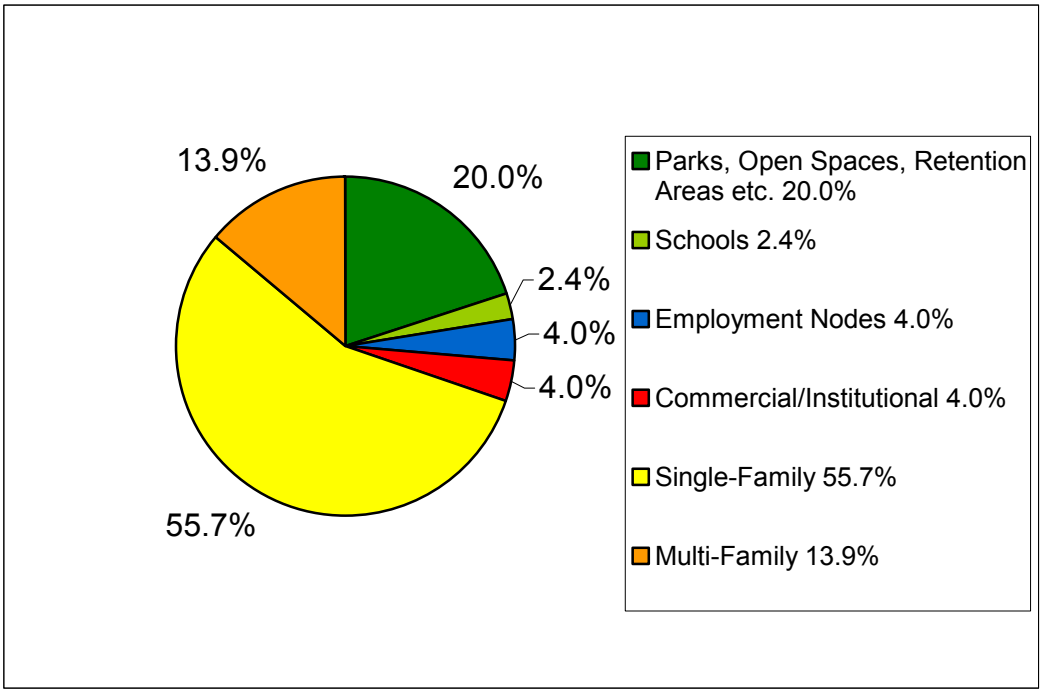
9.2 Proposed Land Use and Absorption Ratios

The entire area defined under the Plan Winnipeg Amendment totals approximately 3,075 acres. Major transportation and utility corridors (Manitoba Hydro corridor, Bishop Grandin Boulevard extension, Kenaston Boulevard extension, Perimeter Highway berming, etc.), and other existing land uses in the area (former land fill and control zones, existing homes, etc.) represent a significant proportion of the land area. For the purposes of this study, these uses have been removed and the physical net developable acreage is closer to 2,500 – 2,600 acres.

The land use development concept for Waverley West is an evolving process, and will continue until all necessary planning studies and reviews have been undertaken. For the purposes of this analysis, the estimated land available for residential development is around 1,740 – 1,820 acres. Other land uses in the area will include commercial, business and institutional uses; parks, open spaces, storm water retention areas and recreational lands; school sites; etc. For conceptual purposes, it is estimated that parks, open spaces, retention areas and recreational lands could represent up to 20% of the lands, school sites approximately 2.4%, business, commercial and institutional uses upwards of 8%.

The actual land use ratios will be arrived at through the detailed planning process, and the subdivision and zoning stages of development.

Figure 18 –Waverley West Conceptual Land Use Yields



Based on average absorption rates, build-out of Waverley West is anticipated to take between 18 to 25 years. Planning for Waverley West's long-term development will encourage and enable higher residential densities than what is presently being achieved in Winnipeg. As it is difficult to project what the residential market will be in twenty years, it is important to plan for a wide marketplace, and be prepared to incorporate flexibly that will enable change as necessary.

The more detailed Area Structure Plan process and the subdivision and rezoning stages are intended to provide further detail on land use characteristics.

9.3 Smart Growth Concepts

The City of Winnipeg is promoting the concepts of Smart Growth through the Civic Environment Committee's Environmental Strategy. This report and the proposed development of Waverley West support many smart growth principles, as identified by the Civic Environment Committee, as defined by the Smart Growth Network[11]. These include:

[11] The Smart Growth Network was formed in 1996 by the US Environmental Protection Agency and several non-profit and government organizations, in response to increasing concerns about the need for new ways to grow that boost the economy, protect the environment and enhance community vitality. Information from the Smart Growth Network at www.smartgrowth.org

- *Creating a range of housing opportunities and choices*. Waverley West will provide market opportunities for many different housing forms.

- *Community and stakeholder collaboration*. Major property owners and government stakeholders have directed the Plan Winnipeg Amendment process through a steering committee. Public consultations will be held in conjunction with the development of the Area Structure Plan.

- *Foster distinctive, attractive places with a strong sense of place*. With numerous focal nodes, linkages and quality development, Waverley West will become a distinct and attractive community.

- *Make development decisions predictable, fair and cost effective*. Through active participation with the City of Winnipeg and the development of the Area Structure Plan, future development decisions in Waverley West are to be predictable and efficient.

- *Mixed land uses*. Waverley West will eventually support a variety of land uses including residential, local commercial and services, business opportunities, schools, recreational uses, and many more.

- *Preserve open spaces*. Approximately 20% (500 acres) of Waverley West is to be dedicated to parks and open spaces.

- *Provide a variety of transportation choices*. Pedestrian and recreation trails are to be strategically located throughout Waverley West. Public transit can be accommodated throughout the community and direct linkages to the University of Manitoba and the proposed southwest transit corridor can be easily incorporated.

9.4 Site Servicing

Existing capacity within surrounding municipal services can support future development within Waverley West. The following sections summarize how Waverley West can be serviced efficiently.

9.4.1 Streets and Transportation

The extension of Kenaston Boulevard to the Perimeter Highway will eventually be required to facilitate development within Waverley West. The development of Kenaston will extend one of Winnipeg's primary north-south economic routes, which will provide additional north-south regional transportation access. The extension of Kenaston Boulevard is presently identified in Plan Winnipeg on Policy Plate C. Kenaston will be extended in a phased fashion and will ultimately include a grade separated interchange at the Perimeter Highway.

Two east-west arterial connections are proposed within the study area. The first proposed connection would extend Bison Drive west along the approximate location of the

Cadboro Road right-of-way. The second connection would consist of closing Waverley Street off at the Perimeter Highway, and turning it westward within the south quadrant of the study area. Provisions can be made to protect the future extension of these east-west connections as required.

A transportation analysis is a key component of the Amendment process, and is further discussed and elaborated on in following sections of this report. The preparation of the Area Structure Plan will further define locations and functions of the transportation system within Waverley West.

9.4.2 Watermain

Waverley West lands can be readily serviced through an existing 750 mm watermain located within Waverley Street between Bishop Grandin and Bison Drive. The extension of regional water facilities is a cost funded by the City at large. The timing and extension of such facilities is dependent upon the rate of development and the approval of capital funding. Should the developer wish to proceed, and capital funding is not available at the time, the developer would front end the cost and be reimbursed by the City at the time the capital funding is approved, with interest starting one year after substantial completion of the work. This would be in accordance with the Development Agreement Parameters.

9.4.3 Sanitary Sewer

A 1350 mm wastewater interceptor sewer exists along Bishop Grandin Boulevard, terminating just east of Kenaston Boulevard. This interceptor sewer can service the entire Waverley West lands. Again, as in the extension of regional water facilities, the City would ultimately cover the cost, with the timing and extension of such facilities dependent upon the rate of development and the approval of capital funding. Should the developer wish to proceed, and capital funding is not available at the time, the developer would front end the cost and be reimbursed by the City at the time the capital funding is approved, with interest starting one year after substantial completion of the work. This would be in accordance with the Development Agreement Parameters.

An alternative option to servicing the south portion of the area is being explored by the City of Winnipeg and Ladco Company Limited. This option would link the southern lands directly to the City's Southeast Water Pollution Control Centre and provide a benefit to the entire system by producing system security and an alternative route to the Pollution Control Centre. At the present time, lands serviced on the western side of the Red River all cross under the river at the same location. A study has been initiated to further explore this option and identify possible financial and system benefits.

9.4.4 Land Drainage

Waverley West lands fall within three future drainage districts. Within each district, an integrated storm retention system will be constructed leading to outlet points at the edge of the development. The northern portion of the area will drain north into the Lot 16 Drain along Bishop Grandin. The central section can be serviced through Baldry Creek,

and the southern portion through the Beaujolais Coulee. The cost for construction of land drainage facilities are funded by the developer.

9.5 Phasing

Development within the Waverley West area will proceed on a timely, orderly and phased basis. The general development pattern will be east-to-west. Initial phases of development will commence along the eastern boundary, and move westerly as development progresses. Leapfrog development will be avoided, as future development will be directed by the Area Structure Plan and by the extension of services. Development timing for each subsequent phase will be dependent upon the rate of land absorption. Both MHRC and Ladco will commence with the first phase of development within the easterly portions of their respective properties, and will phase the development on a westerly basis.

Development and extension of related infrastructure will also follow a phased approach, proceeding in an orderly fashion as development and demand determine.

9.6 Area Structure Plan

Specific development related details including development goals, objectives and principles will be the function of the Area Structure Plan. The preparation of the Area Structure Plan will commence upon the approval of first reading into the Plan Winnipeg Amendment, and will involve a community consultation process. It is anticipated that the Area Structure Plan would be approved by the City of Winnipeg as a Secondary Plan By-law. This would ensure that future development is predictable and efficient.

This process will include additional opportunity for public input into the planning process through public open houses and the formal by-law public hearing. It is anticipated that the public hearing for the Area Structure Plan will be in the spring of 2004.

PART IV: IMPACT ANALYSIS

10.0 MARKET ANALYSIS

(See Royal LePage Advisors Waverley West Long Range Market Assessment Report dated September 2003 for the market analysis).

11.0 ECONOMIC ANALYSIS/SUMMARY

This section provides a summary of a range of economic and fiscal impacts resulting from long-term development within Waverley West. It also illustrates the potential impacts of not proceeding with development – the lost opportunity costs. The intention here is not to provide fully quantified financial figures on the costs vs. the benefits of development, but to display the realm of costs and benefits.

Estimating the long-term fiscal impacts of any *specific* new development is not a simple task and requires detailed analysis and detailed information of a final development concept. This Plan Winnipeg Amendment has been submitted to illustrate the need for additional *Neighbourhood Policy* lands within the southwest quadrant of the city, and not to present detailed analysis on the eventual development concept. This level of detail would be the subject of the Area Structure Plan and the subdivision and rezoning stages of development.

As such, this report has illustrated that in order to support the growth projections and policies outlined specifically within Plan Winnipeg, that there is an adherent need for additional *Neighbourhood Policy* lands. The projections indicated in this report support substantial increases in infill housing development, support new downtown housing development, and support residential development throughout the entire city.

The report concludes that throughout the next two decades, there will be a specific need for additional *Neighbourhood Policy* lands in Winnipeg, especially within the southwest quadrant. Most public services that are required to support neighbourhood development would be consistent regardless of location throughout Winnipeg. This section will identify public services required to support Waverley West and the level of commitment necessary to support long-term development.

11.1 Long Term Revenues

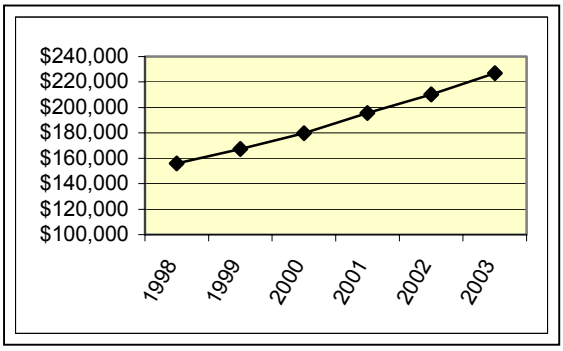
Manitoba's construction industry contributes 4% of the total provincial Gross Domestic Product, approximately $1.3 billion annually. Within Winnipeg, building permit values have averaged approximately $456 million per year over the past five years, including over $100 million in new single-family construction ($138 million alone in 2002). Demand for new housing has increased dramatically in Winnipeg over the past few years, contributing to increased housing construction costs. Today, the average sale price for a new home in Winnipeg (CMA) has eclipsed $225,000 and has reached $206,000 in the city (see Table 12).

Upon final build-out of Waverley West, total sales for single-family homes alone are estimated to be over $1.45 billion[12] (in 2003 dollars). When multiple-family properties, commercial and business related developments are included, investment in Waverley West will account for well over $2 billion in construction and sales activity. Other economic activity including long-term business and employment generation within the commercial and business nodes would be over and above this figure.

Table 12. Average New Home Selling Price – Winnipeg CMA

Year	Winnipeg CMA	% Change
1998	$156,105	5.5
1999	$167,453	7.3
2000	$179,671	7.3
2001	$195,500	8.8
2002	$210,228	7.5
2003*	$226,820	8.0

* April 2003; Winnipeg City was $206,124



Source: Canadian Mortgage and Housing Corporation

At final build out, property tax revenues generated within Waverley West will be significant. Based on the assumptions provided in this report and based on 2003 assessment data and mill rates, Waverley West would generate between $51 to $58 million in total property taxes (municipal, school division, and education support), including between $25 and $29 million in municipal taxes to the City of Winnipeg on an annual basis. This does not include business taxes, utility fees and other taxation and income generation. Municipal taxes on the 10,000-12,000 residential households are estimated to generate $23 and $26 million annually upon build-out.

[12] Estimated 7,000 Single-family homes, Average sale value of $206,000 (2003 dollars)

11.2 Realm of Expenditures

There is an overriding need for additional *Neighbourhood Policy* lands for future development in Winnipeg, particularly in the southwest quadrant. Regardless of where new development occurs in Winnipeg, all forms of hard and soft services will be required.

With this in mind, this report concludes that there would be no incremental increase in the cost of servicing lands within Waverley West compared to servicing similar lands elsewhere in the city. In fact, as regional services including water, sanitary sewer and land drainage are readily available at the boundary of Waverley West, it is arguable that the overall costs to service the area would be substantially *less* than the costs to service many residential areas that have already received some level of City approval. Waverley West provides an opportunity for future development unlike any other area of the city by providing upwards of 2,500 acres of contiguous development that can be serviced through minimal extensions of existing regional services.

This section of the report presents a summary of the realm of long-term financial expenditures that would be required to service this area. More detailed information on long-term financial impacts will become better known as the overall planning process for Waverley West continues. Additional detail and development parameters will be further defined in the Area Structure Plan process and through the subdivision and rezoning processes.

11.2.1 Ongoing Operating Expenditures

A wide variety of public services are provided to the residents of Winnipeg on a daily basis. The City of Winnipeg, through the budgetary process has identified that it costs the average single-family homeowner $1,099 for all services ranging from police protection to street lighting.[13]. For the purpose of comparison, this report will focus on the cost of servicing residential properties only, as residential properties are often viewed as costing the most to service and being a net 'drain' on the financial system as opposed to businesses which are net contributors.

Based on the City of Winnipeg 2003 Operating Budget, and data collected from the 2000-2002 budget estimates, at full build out of between 10,000 – 12,000 households (combination of single and multiple family), the cost to provide municipal services is estimated to cost approximately *$10 to $12 million annually*. Tables 13 and 14 below provide additional detail.

[13] City of Winnipeg preliminary current estimates 2000-2002.

Table 13. Estimated Operating Expenditures – City of Winnipeg

Total Operating Budget – City of Winnipeg 2003	$684.8 million
Supported by Property Taxes – 2003	$388.3 million
Residential Proportion – 65%	$252.4 million
Total Households – Winnipeg 2003 (est.)	258,500
Average Cost per Household	$976.30
Waverley West – 10,000-12,000 households	$9.8-11.7 million

Table 14. Cost to Service Average Household – Winnipeg

City Services:	Avg. Cost to Service Per Household
CAO Secretariat	$3.56
Community Services	$114.49
Corporate Finance	$23.67
Corporate Information Technology	$20.53
Corporate Services	$12.12
Fire Paramedic Services	$141.43
Garbage Collection	$23.52
Land Drainage and Flood Control	$25.52
Planning, Property and Development	$52.47
Police	$196.61
Property Assessment	$17.82
Public Works	$211.15
Other Departmental Costs	$10.69
Corporate debt and finance charges	$20.25
Taxes/insurance/damage claims	$14.40
Corporate Employee Benefits	$4.85
Contribution to other funds	$50.19
Grants/payments to other authorities	$13.69
Other Corporate Costs	$19.39
TOTAL:	**$976.34**

Source: Calculations based on the City of Winnipeg 2003 Operating Budget, and data collected from the 2000-2002 City of Winnipeg budget estimates.

Waverley West is estimated to generate between $23 and $26 million in residential property taxes on an annual basis upon complete build-out. The average household is estimated to contribute between $2,170 and $2,280 in municipal taxes to the City of Winnipeg, or about $1,200 to $1,300 more than the average citywide household. Total operating surplus would be approximately *$13 to $14 million annually*.

This however does not include capital costs associated with servicing Waverley West lands. These are summarized in the following sections.

11.2.2 Transportation Infrastructure

Street Construction: The construction of all local and collector streets are development related costs to be funded solely by the land developers. The construction of arterial roads are cost-shared between the City of Winnipeg and the developer(s). Two regional roads running east-west through the area are proposed, firstly being an extension of Bison Drive westward, and secondly shifting Waverley Street westward at the approximate vicinity of Kirkbridge Drive.

The extension of Kenaston Boulevard south through Waverley West is the most significant discussion point pertaining to not only local, but also regional transportation issues. Existing Plan Winnipeg policies identify the Kenaston extension as a major street addition beyond 2020. Both the Provincial Government and the City of Winnipeg identify and support the extension of Kenaston as a significant component of the north-south regional transportation network servicing western areas of the city.

The extension of Kenaston would ultimately occur regardless of development in Waverley West, however development here could precipitate the need to construct portions of it prior to the initial timeframe. Should the function of Kenaston Boulevard be defined as an "*Expressway"*, the cost to develop would be a City of Winnipeg expenditure.

The details pertaining to alignment, design and function of the arterial and expressway transportation system will be identified and become a component of the Area Structure Plan. The realm of expenditure for the Kenaston extension could be in the $20-25 million range. Regarding the east-west arterials, without additional detail on cross section and function, it is difficult to estimate construction costs, however the realm of expenditures to the City could be in the $5-6 million range.

Winnipeg Transit: Winnipeg Transit has identified the Waverley West lands as a priority location for public transit. Through incorporation of transit friendly development, the transit split mode at peak hours could possibly reach 20-30%. Winnipeg Transit envisions three transit routes servicing the area:

- One route running from the Polo Park area, through Waverley West to the University of Manitoba.

- One route connecting to the University of Manitoba.
- Two routes connecting Waverley West to the southwest transit corridor via a diamond lane on Bison, and to the downtown.

Details concerning locations of transit centres and level of services will be further defined in the Area Structure Plan process.

Off-Site Transportation Network Improvements: A transportation review prepared for the Plan Winnipeg Amendment has identified a number of off site transportation network improvements that would be required over the next twenty-five years regardless of Waverley West development. These improvements have been estimated to cost approximately $18 to $20 million over the next twenty-five years.

11.2.3 Municipal Services:

Water and Sanitary Sewer Facilities: As previously discussed in Section 10.0, the construction of all internal local sewer and water services are costs of development, paid for by the developer. The extension of regional water and sanitary sewer facilities are costs funded by the City at large. The timing and extension of such facilities is dependent upon the rate of development and the approval of capital funding. Should the developer wish to proceed, and capital funding is not available at the time, the cost would be front ended by the developer and the City would reimburse at the time that capital funding is approved, with interest starting one year after substantial completion of the work. This would be in accordance with the Development Agreement Parameters. Estimated costs for these improvements is approximately $8 to 10 million.

The Water and Waste Department is a public utility, where the cost for providing the service is ultimately born by the consumer. Over the long term, property owners through payment of an annual frontage foot levy, contribute to the general maintenance and eventual renewal of the infrastructure. The present levy (as per the Frontage Levy By-law 7858/2002) is $0.65 per frontage foot for water, and $1.90 per frontage foot for sewer. Water consumption and sewage treatment are paid for through water utility charges. Additional detail will be presented in the Area Structure Plan, however the frontage levy could provide approximately $1-2 million annually at build-out.

Land Drainage: The construction of the land drainage system is a developer cost, and any long-term maintenance to be a general City operating expenditure.

11.2.4 Fire and Paramedic Services:

Over the initial phases of development, the area could be serviced through two existing stations in southwest Winnipeg. Station 22 located at 1567 Waverley Street provides fire, rescue and paramedic services, and Station 23 located at 880 Dalhousie Drive provides fire and rescue services. Future infrastructure requirements are not known at this point, and would become a component of the development of the Area Structure Plan.

The Fire and Paramedic Service is presently researching and promoting a comprehensive sprinkler system plan for new developments, and the level of service required would be to some extent hinged upon such a program.

11.2.5 Winnipeg Police Services:

The Winnipeg Police Service is in the process of restructuring the overall organization, from a six-district format to a four-district format. Waverley West could initially be serviced from the exiting District 6 Station at 1350 Pembina Highway, and upon reorganization would be within the new West District, proposed to be located within two kilometres of Grant Avenue and Shaftsbury Boulevard. Two existing service centres are located within southwest Winnipeg, one at 2835 Pembina and a second at 2020 Corydon Avenue (which has been identified as being relocated to Portage Avenue West). Additional patrol officers and possible service centre requirements are not known at this point and would be identified within the Area Structure Plan. Additional servicing costs would not be incrementally greater than development in other areas of the City, and could be financed through operating budgets.

11.2.6 Community Services:

The City of Winnipeg has recently initiated a comprehensive review of all public use facilities throughout the city, which includes recreation and other community services. This study is intended to identify the city's long-term demand and needs for public facilities. Within Waverley West, there will be similar needs for community services as those that would be necessary elsewhere in the City. It would not be practical at this point to specifically identify and quantify what the future needs, demands and requirements for public facilities would be for Waverley West in light of the ongoing study. However for the purpose of providing an estimated capital figure, this report estimates a budget of $5 million for community service infrastructure.

11.2.7 Schools:

Over the long-term development of Waverley West there will certainly be a need for additional education facilities for area residents. A comprehensive review will make up a component of the Area Structure Plan, however based on existing situations, it can be expected that upon full build-out, there will be a need for six to seven elementary/middle schools, and likely two senior high schools. Consultation with the area school division will become a principle component of the Area Structure Plan process.

11.3 Financial Summary:

A fully quantifiable financial analysis is not possible until specific development details are identified, which will be a focus of the Area Structure Plan and subsequent subdivision and rezoning processes. This summary thus far has presented the realm of financial costs and benefits to be associated with development of Waverley West over the approximately twenty year build out. Keeping in mind that additional *Neighbourhood Policy* lands will be required for future residential development in Winnipeg, and

especially in southwest Winnipeg, these costs and benefits would in most part be very close to what would be experienced elsewhere in the City.

The conclusion of this report is that the development of Waverley West will more than pay for itself over the short, medium and long term.

12.0 OPPORTUNITY COSTS

An often overlooked, but significant component to reviewing costs and benefits, are the opportunity costs – or the costs of not proceeding. Waverley West will provide many years of supply to the residential market place. Southwest Winnipeg, and Fort Garry in particular have traditionally absorbed 30 – 35 % of the total demand for new housing in Winnipeg. As discussed previously in this report, the existing supply will be fully absorbed within the next 2 – 3 years. Without bringing on additional supply to this quadrant of the city, a number of market uncertainties are likely to occur which could potentially negatively impact the housing market in the entire city.

Two questions arise regarding a potential loss of 30-35% of the residential supply from the marketplace, these are:

- Where will the market go? and;
- What impact will this have?

12.1 Where Will The Market Go?

The overriding view of this report is that there is very limited capacity within the existing lot inventories to supply the city's long term housing needs. The conclusion is that there is a need for additional residential lands for future development, regardless of the location within the city. Waverley West provides the best opportunity to supply this market. These lands are readily serviced by existing trunk services and would be marketable over the long term. There are no other areas of the city that display these same traits.

Other new home developments in Winnipeg: It is possible that other new home developments throughout the city could be capable of picking up some of the demand over the short term. However, as previously discussed in this report, other areas of the city will also start experiencing land shortages in the near future, thus amplifying the situation. Servicing costs and marketability would be questioned in comparison to the lands of Waverley West, which can be readily serviced and would be in high demand.

Simply forcing the market to search elsewhere, will not necessarily improve the marketability of other quadrants. Winnipeg residents traditionally maintain a very strong sense of place and have a comfort level with areas of familiarity.

Inner city infill: Infill on existing vacant lots in established neighbourhoods in Winnipeg would not be capable of satisfying 30-35 % of the demand due to two primary factors.

Firstly, there are not enough infill lots in the city to satisfy short or long term needs. There are no complete studies quantifying the exact number of vacant lots within exiting neighbourhoods, however it is known that the City of Winnipeg has ownership of approximately 600 lots, of which many would not be considered buildable. The second factor would be related to market. Development of new homes on an infill basis will have a limited marketplace in comparison to traditional new homes development, and significant subsides would be required to improve marketability. At the present time, the market gap being experienced by inner city revitalization groups is in excess of $30,000 per housing unit, not including the lot.

There are also significant uncertainties pertaining to larger scale infill development, specifically regarding unknown redevelopment costs such as site remediation, servicing upgrades, and willingness of the surrounding community to support such redevelopment initiatives. Many private sector developers would not be willing to encumber such risk without significant government interventions.

Renovations and retrofits to the existing housing stock does not provide any net increase in the overall number housing units required for the increasing number of households. All this would do is replace the existing housing stock, and more possibly gentrify neighbourhoods and displace existing residents no longer able to afford to live in the area.

Capital Region. Surrounding capital region municipalities may be capable of satisfying some of the demand for new housing. This would not suit the needs of Winnipeg as this action would continue to draw additional residents out of the city in search for affordable housing. Supply of building lots in these surrounding municipalities would be consumed at a faster rate than originally planned for within municipal development plans, and amendments to increase the land available for residential needs would be necessary. Concepts of smart growth would be significantly compromised.

12.2 Potential Impacts of No New Neighbourhood Policy Lands:

Without bringing on additional lands within Fort Garry in the southwest quadrant of the city, a number of citywide impacts could be expected to be experienced.

Increase in new home costs: General economic principles dictate that cost is proportional to supply and demand. As demand increases costs will rise – as supply decreases, costs will also rise. The present residential marketplace is case in point. The demand for new housing in Winnipeg is rising and has been for the past number of years. New home costs have been on the rise to the point where the average new home in Winnipeg has eclipsed $206,000 (see Table 12 Page 66). Increasing land costs is not the only variable contributing to the increases in housing costs. Increased demand for new product due to low interest rates, limited supply of resale homes, positive economic outlook among others, has contributed significantly to cost increases. Other factors such as increased labour costs have also contributed. This said, land costs are also on the rise and without additional supply, the cost for new housing is bound to rise even further.

Trickle down effect: As the cost for new homes increase, resale home costs will increase as well. As discussed above, without a sufficient supply of new housing lots, land values will rise and impact the overall cost of new home construction. This will have a trickle down effect, and contribute to increases in all housing brackets.

Compounding this, another trend that seems to be happening in Winnipeg is that those who may have previously made a jump up in the market are not doing so and are choosing to remain in place, contributing to the supply crunch for resale homes, providing additional pressures on the mid and entry level markets by not opening up supply.

First time homebuyers are the most significantly affected by the rising costs of housing. Those who already own a home are vested into the market as they have likely seen their property values rise. It also happens that first time homebuyers tend to be the most mobile demographic group and may opt to leave the city all together in search of affordability. This leads to the next piece on the affordability.

Affordability Index: Low overall housing costs in Winnipeg have always been a key component contributing to the high quality of life for city residents. Low cost housing and a variety of choice have been some of the most utilized tools in promoting Winnipeg to outsiders. Winnipeg still maintains some of the most affordable housing stock in the country, however RBC Financial Group's Affordability Index indicates that Manitoba is facing a supply crunch, and that "Manitoba could potentially see a larger than the national average erosion in affordability later in 2003". Outside of British Columbia, Manitoba is the least affordable province to own a home according to RBC's Affordability Index, which compares the "median pre-tax household income required to service the cost of mortgage payments, property taxes and utilities on a detached bungalow, a typical target home for first time buyers". It is important to note that there is only a 2.9% difference between the next five provinces in the list. However, as per the report, affordability in Manitoba is not looking as positive as it once had and increasing land prices will impact overall affordability. (RBC Financial Group Affordability Index May 2003)

Pressure on the home building industry: The new home building industry is also starting to feel pressures of a declining supply of building lots in southwest Winnipeg. There are increasing pressures on the building industry to locate lots for future development. Many are beginning to acquire lots and hold onto them for a number of years, basically taking these lots off the market and leaving other builders without supply.

Market Imbalance: Winnipeg requires a balanced residential market, which includes a variety of choice (single-family, multi-family), location (inner-city, downtown, sub-urban), tenure (ownership, rental, life-lease) and cost. The findings of this report support a balanced market place, including provisions for infill housing and new downtown housing, additional multi-family, along with traditional new home construction.

The long-term economic future of Winnipeg depends on being capable of attracting and retaining people to the city. As affordable housing has been one of the most attractive aspects of the city, being able to provide a balanced market place is a necessity.

13.0 TRANSPORTATION IMPACTS AND ANALYSIS

(see ND LEA report entitled "Waverley West Transportation Review" dated September 2003 for a complete transportation analysis).

14.0 SOCIETAL IMPACTS AND ANALYSIS

14.1 Established Adjacent Neighbourhoods

Adjacent neighbourhoods surrounding Waverley West – in particular the neighbourhoods directly to the east of the study area – are not expected to experience any significant long-term negative impacts due to the proposed development. As development will be phased in over time, some short-term impacts are to be expected, however, these would be no more significant than development experienced elsewhere. The following summarizes some of the potential impacts, both positive and negative.

Increased development in southwest Winnipeg will create opportunities for large-scale regional services (such as recreational/community services, education facilities, etc.). Such services would not otherwise be available with the existing population in the area. The proposed development in Waverley West will include a linear parkway system that will provide outdoor recreational opportunities and linkages to other recreation areas, including linkages to adjoining neighbourhoods, and to facilities such as the Fort Whyte Centre and beyond.

Additional local commercial and other services will eventually be provided at the commercial nodes in Waverley West. This will provide additional choices to existing residents for retail services, professional services and the like. The employment areas will also provide additional business and employment opportunities.

Property values would also be expected to increase. Waverley West would continue to provide a marketplace and a supply for new housing in southwest Winnipeg. Without the additional supply, market attention would focus elsewhere.

Public transit services would be improved including additional capacity and new transit routes linking the entire area to the University, to downtown and to Polo Park. The potential extension of the southwest transit corridor west along Bison Drive would not be viable without development in Waverley West.

Over the long term, once Kenaston Boulevard is extended to the Perimeter Highway, large truck traffic will be eliminated along Waverley Street as it will no longer be accessible to the Perimeter Highway. Over the short-term, traffic volumes along Waverley could be expected to increase as local traffic would use Waverley Street until the Kenaston extension is phased in (timing to be identified in the Areas Structure Plan process). Until such point as the local services become available within Waverley West, there is potential for traffic increases through existing neighbourhoods (particularly along Bison Drive and Kirkbridge Drive) as the first phase of Waverley West residents' access services along Pembina Highway.

The development of Waverley West will provide existing area residents with a market for new housing. Without additional new residential lands, existing residents looking to acquire a new home would have to look elsewhere in the City or beyond.

14.2 Downtown/City Centre

There are no incremental impacts expected on the downtown/city centre directly due to the proposed development within Waverley West. The projections identified in this report support substantial increases in residential development in downtown and the city centre area, beyond what is being constructed today. Downtown development is recognized as an important component for the entire housing industry by providing choice to the consumer and the market place.

The housing market envisioned to be supplied within Waverley West is expected to target nearly every residential market area with the exception of Downtown housing. There is not expected to be any competition between these two market segments.

Future commercial and service development in Waverley West will be focused on the local market place, which is not likely to have an impact on downtown retail or services. Similarly, the business/office area will also be targeting a different marketplace than that of the downtown market.

14.3 Established Neighbourhoods – Infill Development

Similar to downtown and city centre housing, projections in this report support substantial increases in the total number of infill homes presently being built in Winnipeg. As indicated previously in this report, infill development would not be capable of supporting large-scale housing demand. Infill will however continue to serve an important market segment for new housing, and will contribute to a balanced residential market place.

Large-scale infill development opportunities (including *brownfield* redevelopment) need to overcome far greater hurdles than competition from *greenfield* environments prior to being capable of supplying substantial numbers of new housing units. Environmental remediation costs and liabilities, servicing upgrades, and overcoming land use conflicts are some of the many significant issues that need to be addressed.

14.4 Adjacent Municipalities

Development in Waverley West is not expected to negatively impact the Rural Municipality of Macdonald. Planning and coordination with RM of Macdonald regarding regional transportation issues (including east/west transportation routes and defining the role of the boundary road – Brady Road), as well as other land use issues such as industrial development in the RM, will continue through the development of the Area Structure Plan process.