



Housing Affordability and Needs Analysis

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Prepared for:

**The Town of Fort Smith Mayor
& Council**

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Section 1

Introduction

In December 2016, in response to existing development initiatives and feedback received throughout the consultation process for a new strategic plan. The Sustainable Development Advisory Board (SDAB) began to discuss “tiny homes” and investigate if there was possible enhancements or improvements that could be made to existing bylaws and legislation that might make it easier for developers to provide more “affordable” housing alternatives. In early 2017 SDAB began to investigate possible solutions, incentives and initiatives that would enhance affordability of housing in Fort Smith in response to feedback received throughout the consultation process for a new strategic plan.

Consultation Process

The first initiative SDAB undertook was to meet directly with developers & builders to directly discuss ongoing and future projects. The primary goal of these meetings was to inquire as to possible changes and enhancements the TOFS could make to existing bylaws and plans that would be beneficial to developers and builders and help encourage or spur development. The secondary goal being to seek the opinion of developers and builders as to how they view they current housing market, and what they see as obstacles & issues that might be holding up development of more affordable housing solutions.

Craig Brown of CAB Construction spoke to his current Condo/Rental apartment project. Craig mentioned setback reductions as being helpful and more regular outreach\communication from the town to hear concerns and seek feedback. Overall no major issues and no suggestion as to what the TOFS could do to encourage development that would be within the TOFS scope.

John Grey spoke to his existing tiny homes development. John didn't list any bylaw or plan that needed changing and suggested against reducing setbacks or making other changes that would mirror what many jurisdictions have done that result in a higher R1 density. With larger houses, but a less beautiful community with smaller yards, less trees, and minimal greenspaces. John suggested that what the TOFS needs is a building inspector to ensure sustainable and proper construction, and that development permit costs for Fort Smith represented poor value. Fort Smith provides minimal construction inspection or development oversight that other communities require for similarly priced development permit pricing. John also spoke to price of property and overall construction costs and scalability as a major setback for “affordable housing”. Generally, it was felt that the return on investment from “tiny” homes was not substantial enough to make it a worthwhile investment for developers\builders if the units were intended to be “affordable” housing, with the idea that affordability meant lower rent. This was compounded by the additional costs of administering and maintaining numerous non-centralized units.

Dennis Bevington spoke to his proposed small home/seniors housing with centralized utilities in a possible condo/strata ownership model. This proposed development would be on the 13-acre property located between McDougal, Caulder Ave, Field Street & Wilderness Road. Dennis mentioned that local improvement charges are an inhibitor. Dennis advised that the Town has access to low interest financing when developing their own land and that private developers do not have this option. He felt that it would be a big asset if local improvements based on the Towns financing could be offered to developers. If the TOFS acted as a development bank they could recover the money via local improvement charges collected from the future property owners.

Section 2

2.1 - Encouraging Development

a) Lower lot prices

This idea of splitting existing large lots into 2 or 3 smaller lots was discussed as a possible resolution to complaints of high lot prices, especially for newer lots in Westgrove. However, it was determined that altering any existing lots that were of an acceptable size would add additional costs in such excess that the cost savings would be negligible to nonexistent from the perspective of affordability. The estimated cost to split the lot is approximately \$10,000 per lot plus an additional \$10,000 to \$15,000 to add additional services to the second lot.

Generally, it was felt that spending more money to alter existing lots didn't seem like a reasonable or sustainable solution, especially for lots in Westgrove that already incurred additional costs when they were re-surveyed in 2011 to make the lots larger.

Focusing on the sale and development of existing older lots that were developed when costs were lower and trying to encourage in-fill development within the existing lands that may be vacant or abandoned could prove to provide more affordable land prices than spending more on altering existing residential development or undertaking the development of an entirely new area with a focus on affordability.

As the corporation of Town of Fort Smith does not profit on the sale of lands it has developed. Existing lot inventory is priced to simply recover the costs of developing the lands. The only way to achieve lower lot prices on a newly developed area would be to start a new development that would maximize the number of lots available on the developed land. This would spread costs of services, surveying and road development across more properties and in theory lead to lower lot prices. However, the costs of development have gone up over the last 10 years. If a new development was undertaken by the Town, it could result in prices similar to the existing inventory, for lots that are smaller than those already available.

b) Improved Zoning, Incentives and land identification

In order to lower per unit prices, adding or adjusting zoning to incentivize the development of higher density housing or apartments has been discussed. Higher density development is a realistic solution to lowering the impact of development prices as it allows the costs to be spread out over a larger number of units. Developing more density on single lots could also improve the financial viability of a project by eliminating some of development costs associated with developing individual smaller lots; such as services, roads and surveying costs.

Identifying properties in the downtown area (Town Centre) or close to services would be ideal as this allows for lower transportation costs and enhances attractiveness due to convenience. Further conversations and investigation into zoning, development incentives and land identification are required. The recommendation at this time would be to continue this discussion separately from affordability and approach the issue as one that targets specific needs.

c) Convert existing lots from R1 to R2 Zoning

This initiative would allow for the construction of multi resident homes (duplexes) on properties currently zoned for single residence homes. This would could theoretically allow for lower development/constructions costs for the individual due to economies of scale and splitting the cost of the land. However additional costs due to changes in water and sewer services and surveying would likely still be incurred likely minimizing the potential for saving on the price of the land.

Currently developers can request approval from Council to change lots from R1 to R2 and develop duplexes. SDAB resolved that there is no immediate need to change anything or identify specific properties but instead recommend that additional communication and education of development is what is required. Residents and developers need easy access to information about development and the potential opportunities available to them.

It would be up to council to determine if they wanted to alter zoning and allow special consideration developments within existing neighborhoods. Existing legislation already lays out the requirements for this process.

d) Develop vacant & derelict land

The issue of undeveloped, unsightly and derelict lands throughout the community, and how it impacts community development discussed. There were concerns raised surrounding fairness of taxation, and the impacts of forcing development further away from municipal services while so much land remains undeveloped within and surrounding town centre.

The cost of disposal and demolition was raised as an obstacle to the remediation of derelict properties. New legislation and regulations have restricted the process of demolition and seems to have incentivized leaving property that is unfit for use simply standing and rotting in place due to the high costs and lack of resources available for proper remediation and removal. The lack of a building inspector was raised as a further concern in that many buildings are becoming unsuitable due to mold in a period that is unsuited to the age of the building.

Section 2

2.2 – Housing Market Obstacles

Encouraging development and reducing roadblocks for developers that are seeking to build units that target community needs was discussed at length. The most common obstacle seems to be the cost of development vs what residents currently deem to be considered affordable. This has led to a sense of risk aversion among developers and buyers, as the price of development is above current market rates for both rental and home ownership. Some developers are concerned the market would not support the rates that would be required to make new developments worth the investment and risk. While some prospective tenants view the higher market rates required for new construction as unpalatable. The current inventory of aging homes, duplexes and fourplexes appears to depress the average market rates for the community. Creating a perception among prospective tenants that may not be in-line with the realities of development and management costs.

The price and affordability of housing in Fort Smith is an important incentive for the community to maintain, but a bottleneck seems to have arisen. The condition of existing older units that are more attractively priced seems to be questionable or unacceptable some new residents and higher income professionals. While the price of existing older units is within reach for of tenants not seeking social housing and home ownership. The costs associated with upkeep and improving those units will continue to increase the rates required to sustain them as they age further. This will continue to put further pressure on the market as higher rental rates are required in order to improve and upkeep existing older units. Thereby in making these units less affordable to those in need, but still potentially less attractive or perceived as simply too expensive for those who can afford them.

Section 3

3.1 - Defining Affordable Housing

According to the Canada Mortgage and Housing Corporation (CMHC), housing affordability is directly correlated to a household's level of income. The CMHC defines affordable housing as suitably-sized ownership housing that costs no more than 32 percent of a household's gross annual income, and no more than 30 percent of gross annual income for rental accommodations.

3.2 Housing Affordability Quick Comparison Data

Statistics Canada Catalogue no. 98-316-X2016001 <http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/index.cfm?Lang=E>

Income/Cost Performance	Fort Smith	NWT	Fort Smith vs NWT	CANADA	Fort Smith vs Canada
Average employment income in 2015 for full-year full-time	\$85,895	\$91,177	-6%	\$65,997	30%
Average total income of one-person households in 2015	\$65,873	\$73,309	-10%	\$46,799	41%
Average total income of 2+ person households in 2015	\$142,410	\$154,528	-8%	\$110,813	29%
Average total income of households in 2015	\$125,125	\$134,794	-7%	\$92,764	35%
Average value of dwellings	\$256,677	\$346,427	-26%	\$443,058	-42%
Average monthly shelter costs for owned dwellings	\$1,242	\$1,739	-29%	\$1,313	-5%
Average monthly shelter costs for rented dwellings	\$861	\$1,190	-28%	\$1,002	-14%
% of owner households spending 30% or more of its income on shelter costs	6.1	9	-32%	16.6	-63%
% of tenant households spending 30% or more of its income on shelter costs	9.9	16.3	-39%	40	-75%
% of tenant households in subsidized housing	40.3	41.3	-2%	13	210%

3.3 Housing Affordability Expanded Comparison Data

Income	Fort Smith	Hay River	Inuvik	YK	NWT	CANADA
Average total income of one-person households in 2015	\$65,873	\$67,919	\$77,926	\$88,312	\$73,309	\$46,799
Average employment income in 2015 for full-year full-time	\$85,895	\$84,762	\$89,808	\$95,743	\$91,177	\$65,997
Average total income of 2+ person households in 2015	\$142,410	158,063	\$146,068	\$179,826	154,528	\$110,813
Average total income of households in 2015	\$125,125	132,968	126,508	159,434	\$134,794	\$92,764
Average after-tax income of households in 2015 (\$)	\$104,991	109,943	104,662	\$129,980	\$111,332	\$76,171
Average after-tax income of one-person households in 2015	\$54,836	\$56,502	\$63,474	\$71,621	\$60,172	\$38,685
Dwellings	Fort Smith	Hay River	Inuvik	YK	NWT	CANADA
Total private dwellings	855	1572	1477	7758	17666	
Private dwellings usual residents	766	1383	1181	7131	14981	
Average value of dwellings	\$256677	\$279219	\$297291	\$453608	\$346427	\$443058
% Single-Detached House	65%	78%	43%	45%	58%	54%
% Apartment five or more storeys	0%	6%	0%	5%	3%	10%
% Other attached dwelling	34%	16%	57%	43%	36%	35%
% Semi-detached house	12%	5%	7%	2%	7%	5%
% Row house	10%	3%	20%	12%	11%	6%
% Apartment or flat in a duplex	5%	0%	3%	4%	3%	6%
% Apartment in a building that has fewer than five storeys	6%	8%	27%	24%	16%	18%
% Other single-attached house	1%	0%	0%	0%	0%	0%
% Movable dwelling	0%	0.4%	0%	7%	3%	1%
Affordability	Fort Smith	Hay River	Inuvik	YK	NWT	CANADA
Average monthly shelter costs for owned dwellings	\$1,242	\$1,497	\$1,801	\$2,283	\$1,739	\$1,313
Average monthly shelter costs for rented dwellings	\$861	\$991	\$1,185	\$1,611	\$1,190	\$1,002
Spending less than 30% of income on shelter costs	700	1230	1040	6080	13020	10472355
Spending 30% or more of income on shelter costs	65	150	140	1045	1845	3325950
% of owner households spending 30% or more of its income on shelter costs	6.1	8.3	10.4	8.5	9	16.6
% of tenant households spending 30% or more of its income on shelter costs	9.9	16.7	12.6	22.6	16.3	40
% of tenant households in subsidized housing	40.3	38.5	39.6	24.4	41.3	13
Population	Fort Smith	Hay River	Inuvik	YK	NWT	CANADA
Average age of the population	36.1	38.2	33.4	34.6	34.9	41
% 15 to 64 years	66.9	70.9	69.2	74.3	71.1	66.5
% 65 years and over	11.4	11.1	6.9	5.7	7.7	16.9
Average household size	2.6	2.5	2.6	2.7	2.7	2.4

Section 3

3.2 - Affordability vs Accessibility

The information provided suggests that the discussion on “affordable” housing be concluded and that instead the discussion moves forward as how to enhance the community’s accessibility of housing.

The board has identified that Fort Smith seems to have a perception problem. There is a perception that housing costs too much when realistically, costs are below average in Fort Smith and income is well above national averages and is in line with the NWT average

Section 4

4.1 - Addressing Needs

Statistics data seems to indicate that single person accommodations suffer more from availability and accessibility than affordability. Existing rental rates and property prices are well within market averages, but there is an overall shortage of 1 bedroom and 2 bedroom units. This shortage affects both the subsidized and private accommodation rental markets. There are often 2-3-bedroom homes\duplexes available for rent or purchase, but these units are often beyond the needs or means of someone seeking a 1-2 bedroom rental accommodation. There is a need to address housing availability for those that are coming to the community on short terms such as nurses, pilots, teachers and those currently living and working in the community looking for simple and convenient rental accommodations. Similarly, subsidized housing has a large inventory of 3-4 bedroom homes\duplexes but a small inventory of 1-bedroom/bachelor units. Within the last 5 years the local housing authority terminated the leases on a couple of three-bedroom because they were identified as being in surplus of the existing needs. Yet there continues to be dozen of individuals on the waiting list for one and two-bedroom units, many of them for numerous years.

The community seems in need of suitable rental units for new residents, single persons and professionals. As well as social housing and additional seniors housing units. Across all sectors the needs are similar. 1-bedroom and 2-bedroom units are what is required to address current shortages and alleviate existing bottlenecks.

4.2 – Opportunities

- Incentivize the establishment of a market rate tracking office or realtor & appraisals office.
- Enhance information sharing with the public and focus on educating people on the processes and options surrounding land development.
- Improved relations and partnerships with territorial authorities over issues of lands, environment and development.
- As a council, communicate openness to change and willingness to work positively with developers.

4.3 - Recommendations

- Lobbying the housing corporation\GNWT to focus more on 1 bedroom\bachelor accommodations to address the shortages in the subsidized\social housing market and ask that an RFP being completed.
- Town of Fort Smith seek the development of a comprehensive community housing strategy leveraging funds and assistance through existing housing plan funding opportunities.
- Lobby the GNWT to complete more frequent property tax assessments.
- Develop taxation legislation that penalizes derelict and vacant properties and incentivizes the cleanup and demolition of derelict properties.
- Review Unsightly Lands Bylaw and Development Permits to ensure adequate enforcement.