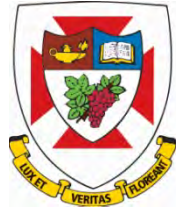


Manitoba Land Policy Report

1987

The Institute of Urban Studies





THE UNIVERSITY OF
WINNIPEG

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MANITOBA LAND POLICY REPORT

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MANITOBA LAND POLICY REPORT

Prepared by:

Institute of Urban
Studies

June 1987

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1.0 INTRODUCTION

The purpose of this report is to develop policies that will define the role and guide the actions of Manitoba Housing in the purchase and development of land. More specifically, the reports objectives include:

- a) development of policies that will guide Manitoba Housing's actions with respect to current land holdings and future land activities in suburban Winnipeg;
- b) development of policies and planning procedures that will guide the program operations of Manitoba Housing in the older residential (inner city) areas of Winnipeg; and,
- d) in a more limited fashion, develop land polices Manitoba Housing should pursue in smaller urban and rural centres outside of Winnipeg.

The report is based on an extensive series of interviews with builders, developers, officials of the three levels of government, private consultants, knowledgeable academics and members of non-profit organizations. In addition, the report incorporates an extensive review of expected market trends and assesses the implications of these trends for future land requirements and land policy. The report deals mainly with the medium term (5-10 years), although, many of the policy statements have applicability in both shorter and longer term situations.

The report also reviews Manitoba Housing's current land holdings, in some areas making recommendations on a parcel by parcel basis, and in other areas providing guidance on a more general level on how land holdings should be handled. In Winnipeg, the Southeast (St. Boniface/St. Vital) and the Southwest (Fort Garry) are evaluated in considerable more detail and approached more as case studies.

As the above objectives suggest, policy development focuses on both Winnipeg and smaller centres outside the City and both suburban and inner city areas of Winnipeg itself. The emphasis in Winnipeg, however, will be on inner city issues and policies. This emphasis is clearly justified given anticipated market trends and the current circumstances and

initiatives in the inner city. Subsequent sections of the report will expand the justification for the inner city emphasis.

2.0 EXECUTIVE SUMMARY

Introduction

Increasingly Canadian society is moving into a mature growth stage characterized by lower rates of growth and an ageing population. Manitoba, and particularly Winnipeg, will be subject to many of the same social, economic and most importantly demographic trends that are affecting Canadian society, particularly urban society, in this mature growth stage.

As growth rates decline, it is evident that the nature of planning problems including land planning have changed. Rapid household growth and buoyant economic conditions dictated a need for rapid suburban expansion in the 50s, 60s and 70s, but current and projected demographic and economic growth rates will not necessitate the same expansion over the next ten to twenty years. Suburban expansion will not stop entirely, but the new emphasis will be on the existing built environment. Issues relates to housing intensification, mixed use development, infill housing, inner city subdivisions, inner city infrastructure, housing rehabilitation and renovation and neighbourhood improvement, all associated with the inner city or older neighbourhoods will be more prominent in the future. This will necessitate a new and different set of land policies and land planning procedures. It is within this context that the Institute of Urban Studies has formulated the decisions and recommendations within this report. The significant findings and recommendations of the report are summarized in the discussion that follows.

MARKET TRENDS

The Economy

- . economic conditions have improved considerably in Manitoba during the past three years. Annual growth rates for economic variables such as the gross domestic product, capital investment and consumer spending have been, and are expected to

continue, to be as good or better than the Canadian average through to the early 1990s.

- . unemployment rates will continue to be amongst the lowest in Canada. Limestone and investment in redevelopment in Winnipeg will generate new employment and the more diversified nature of the economy will help protect the province from the recessionary trends in the resource and agricultural sectors.
- . this modest but positive economic growth will result in very modest improvements in household income which will have a positive effect on housing demand. However, overall housing demand will be tempered by demographic change.

Population and Household Growth

- . after modest growth in the late 1980s and early 1990s the provincial population, on the basis of current demographic and economic trends, is actually projected to decline slightly by the turn of the century.
- . decline, however, is expected to be concentrated in the rural areas. Winnipeg will continue to experience continued modest growth into the next century.
- . the larger centres outside of Winnipeg, such as Brandon and Portage la Prairie, will also continue to experience slow growth.
- . in Winnipeg, growth will continue to be concentrated in suburban areas, but increased emphasis on inner city revitalization and renewal will result in modest population gains in the inner city, particularly the area influenced by the Core Area Agreement.
- . the province's population will age substantially as the baby boom generation, the most prominent feature of the population structure, moves from the current age group of 20 to 39 to 35-54 years of age. As well, there will be a substantial increase in the seniors population.
- . modest population increase, combined with little change in headship rates, will result in only

modest increases in households. Nuclear families (couples with children) will dominate the market over the next few years as the baby boomers have children, but these families will be smaller than in the past. Non family households, many of them seniors, and couples without children will also be important market segments.

Housing Requirements

- . demographic trends will result in an overall decline in housing requirements. Average annual housing requirements in the province are expected to decline from 6000 in the 1986 to 1991 period to 4500 in th 1991 to 1996 period, with a further decline to 3500 by the year 2000.
- . in Winnipeg annual housing requirements are expected to fall from 5000 units annually in 1986 to 1991, to 3750 in 1991 to 1996 and 2750 by the turn of the century.
- . with the ageing of the population, move-up buyers will be the dominant element in the market place. In Winnipeg, the proportion of housing starts that are rental starts is expected to fall from 30% in the 1986 to 1991 period, to 20% by the year 2000. The concentration on ownership units will be even higher in areas outside of Winnipeg.

PUBLIC INVOLVEMENT IN LAND: THE RATIONALE AND THE RESULTS

- . in the late 60s and early 70s public agencies entered the land banking and development field intent on increasing supply, moderating prices, promoting market stability and affordability, providing a land base for social housing and small builders and controlling the direction of urban growth.
- . most activity by provincial and municipal governments to date has been in suburban areas.
- . public action at this time was prompted by rapid escalation in land and housing prices attributed to a variety of factors including increased household growth, rising incomes and inflation in prices.

Public involvement in land was also encouraged by generous federal funding.

- . Manitoba Housing purchased a sizable land bank in the 70s. Purchases totalled more than 4000 acres in the province, approximately 3500 around Winnipeg.
- . there is no overwhelming evidence to suggest that public involvement in land banking and development had a significant effect on price and supply. It seems obvious that various economic and demographic factors, perhaps combined with higher standards, negated the effect of public initiative. One cannot say with certainty, however, how much prices would have risen had the public not been involved, but many centres without public initiatives appeared to have fared no worse.
- . the existence of a land bank in Winnipeg has had little effect on price and supply because no public land was placed on the market in the 70s when prices were escalating most rapidly. Even when lots were marketed in the 80s, prices rose faster in Winnipeg than in many other Metropolitan Areas. There is some evidence to suggest that marketing influenced prices in certain neighbourhoods of Winnipeg, but it had little effect on the city wide situation.
- . with issues that are not so closely associated with influencing price and supply, such as providing land to small builders, Manitoba Housing's record is considered positive and successful, but because of the limited amount of land placed on the market, the impact has been small.

THE CURRENT SUPPLY OF LAND

- . evidence suggests there is no shortage of developable land in the suburban context over the next few years. Applications before the City indicate there is, at least, a four and, perhaps, a six year supply in the land pipeline.
- . this does not rule out short term shortages caused by blockages in the approval process, or a difference between market requirements and development timing.

- . evidence also suggests that, although the industry is dominated by a few major players, there is not the degree of concentration that suggest a monopoly situation.
- . as well, there are numerous smaller players in the market place, including Manitoba Housing, that own up to 30% of the lots likely to be marketed over the next few years. This also adds an element of competition.
- . with respect to Manitoba Housing, however, its property is not well placed to play a consistent and long term role in influencing market price or supply. Nevertheless, competition is likely to remain very much a part of the suburban market place.
- . in the inner city, however, there is a shortage of suitable land to support good quality residential development.

THE CURRENT SUBURBAN INVENTORY: POLICY DIRECTION

Based on an evaluation of market trends, a discussion and assessment of the public rationale for involvement in land, Manitoba Housing's past performance and operations related to suburban land, an analysis of current supply, as well as the opinions and ideas of the many people interviewed, the following policy directions are suggested:

- . Manitoba Housing should divest itself of all suburban holdings as soon as it is expedient. This includes the Dieter and Bruce road properties. The sale of these properties should be given immediate priority and they are both in areas that should be developed and marketed immediately to maintain a reasonable supply/demand relationship and hence a reasonable price structure within the market.
- . disposal of the property should be undertaken using the following general guidelines
 - i) parcels should be provided that are small enough so that smaller builders, as well as larger developers in the market place, can participate in the bidding process. This

may necessitate dividing some of the larger parcels.

- ii) tenders from joint venture or consortium groups should be accepted. This permits partnerships or consortium arrangements from groups of small builders that may want to compete with larger development firms.
- iii) parcels should be offered in a variety of areas and anticipated market levels at the same time.
- iv) Manitoba Housing should provide interim financing which would increase the competitiveness of individuals or groups of small builders or developers.
- v) Manitoba Housing must insist on proper proponent identification to ensure large developers are not buying all the properties under dummy companies.
- vi) each proponent should be required to document in detail their lot sales policy outlining target market groups, anticipated sales price, distribution of lot sizes, policy on lot sales to individuals and small builders, development time frame, etc.
- vii) Manitoba Housing must reserve the right to select successful proponents on the basis of more than price.

If Manitoba Housing does accept the recommendation to sell all its suburban property, there should be no illusion that great profits will be achieved. Sales may well result in substantial losses. In fact, it may be difficult to find buyers for several properties that are 20-30 years from development. These properties are unlikely to sell for more than their agricultural value. However, given declining demand holding the property may well increase losses as land costs are unlikely to appreciate significantly over the next few years and the book values will continue to rise.

If Manitoba Housing does not accept the recommendation of this report and decides instead to maintain all or some of its portfolio, then IUS recommends the following policies:

- . the Dieter and Bruce Road properties should be developed and marketed immediately to ensure adequate supply and prevent price escalation. Placing these properties on the market provides Manitoba Housing with its last opportunity for several years to impact price.
- . planning should also begin to ensure that the Fraipoint property reaches the market within the next four years.
- . the Fort Garry property, in the opinion of IUS, is the only other part of the portfolio that should be maintained. It is the only other part of the portfolio that will provide Manitoba Housing with the ability to impact the market on a long term basis.
- . if Manitoba Housing insists on maintaining all or part of its suburban portfolio, it should change its current accounting procedures. Current market value should be established and the difference between market and book value written off at this point. As well, the policy of capitalizing costs should be changed and an accounting system put in place which will write off interest, taxes, etc. on an annual basis. These procedures seem the only logical solution for preventing book values from rising to unrealistic levels.

A detailed discussion of these policy objectives is contained in Section 6.0 of this report.

THE INNER CITY: POLICY DIRECTION

The report recommends a much more extensive role for Manitoba Housing in the inner city. This role assumes a commitment to a variety of policy, planning and funding parameters that are a necessary part of inner city revitalization including:

- . a commitment to an integrated planning approach which necessitates co-operation and partnership arrangements between the various levels of government, the private sector, community and non profit groups.
- . integration of a variety of social, economic and infrastructure programs in a holistic planning approach. Not all these programs will be initiated or directed by Manitoba Housing.
- . support to a mix of income groups, some that fall outside the social housing mandate of Manitoba Housing.
- . recognition that a longer planning and development time frame must be accepted and incorporated into the program delivery process.
- . acceptance of the higher cost of working in the inner city and provision of the necessary program subsidies.
- . recognition of the fact that there are areas of the inner city where private sector or individual initiative will not address the problems.

Within these particular parameters, Manitoba Housing's mandate should be guided by a variety of policy and planning approaches which address two basic questions: With respect to land, what is the role or mandate of Manitoba Housing? and, What planning and programming procedures should it undertake to fulfill this particular mandate?

- . Manitoba Housing should buy and bank land in the inner city. A land base is necessary to accommodate housing for a mix of income groups. In many areas of the inner city, the private sector will not address land base requirements because of the long, slow and expensive process required to accumulate property.
- . Manitoba Housing should develop land in the inner city, not only for its own social housing purposes, but to accommodate private builders and developers interested in building in inner city areas.
- . Manitoba Housing should act as a broker of inner city land serving not only the private sector, but

private individuals, community and non profit groups, as well as its own program needs.

- . when possible, land should be sold at cost plus a reasonable profit margin, but in many cases extensive subsidies will be necessary and must be recognized as a necessary cost of revitalization.
- . Manitoba Housing should act as a catalyst to stimulate private and individual initiative in inner city areas, but should only be active in a particular area long enough to "turn the area around" and reverse the trend toward continued deterioration.
- . land banking activities should be closely coordinated with program requirements. IUS is not advocating a fifteen to twenty year supply. Land banking in the inner city context should be a supply sufficient to accommodate approximately a five year programming time frame.
- . Manitoba Housing should work closely with the City and other public agencies involved in real estate to accumulate placarded units, vacant lots, underutilized property, closed school sites, industrial and commercial sites that are available, condemned apartment buildings and tax sale units.
- . as the supply of such unoccupied property is limited, Manitoba Housing must also purchase occupied units on a much more extensive basis than in the past. As much as possible, the focus should be on units in poor condition. Purchasing occupied units will result in much higher land costs than Manitoba Housing has experienced in inner city activities in the past, but this must be accepted if programming activities are to be successful in the inner city.
- . land activities must be targeted toward specific areas as opposed to a scattered approach over the entire inner city. Target areas should initially be those that contain the poorest housing and the highest incidence of household poverty or those areas not likely to be the recipients of private sector or individual initiative.
- . to meet programming requirements, lots can be purchased on a scattered basis, but IUS recommends that Manitoba Housing concentrate its activity on assembling land to accommodate small inner city

subdivisions. This approach is likely to be more effective for playing the role as a catalyst and addressing revitalization.

- . Manitoba Housing's role as a catalyst should extend beyond the primary target areas, which in this report have been identified as those with the poorest housing and highest incidence of poverty. The same approach should be adopted towards assisting the private sector to deal with areas they identify as having market potential but high risk. Assistance in these areas that the private sector refer to as "quasi-market" need not be as extensive in terms of subsidies provided.
- . as opposed to undertaking land activities in the inner city directly as a Department, it is recommended that Manitoba Housing establish a separate agency - an Inner City Land Development Company - to carry out the functions associated the policy mandate.
- . although policy directions and guidelines would come mainly from Manitoba Housing, the Agency should operate largely in an autonomous nature with its own staff, funding and Board of Directors. It should be given the autonomy and authority to deal with the variety of actors in the market place and be able to purchase and sell property in a fashion similar to other private developers in the land market.

Detailed discussion on the various policy objectives is contained in Section 7.0 of the report.

THE RURAL AREAS: POLICY DIRECTION

Largely because no significant growth in the population is expected in rural areas, the general concensus is that land will not be a problem area, at least in the "suburban" context over the next ten to fifteen years. However, a few general policies have been identified that will provide direction for Manitoba Housing in areas outside Winnipeg.

- . in smaller centres there should be no need for Manitoba Housing to bank land. In some centres, a land base will be required for social housing, but

vacant lots and underutilized property in built up areas, are generally readily available and adequate to accommodate needs. Where such land is not available, raw land can usually be purchased and developed.

- . when new lot development is necessary to accommodate modest growth in these small centres, they may require financial assistances. The tax base in such centres is often insufficient to allow them to debt finance such a capital intensive undertaking. Manitoba Housing, however, need not necessarily be the agency that provides this assistance. Municipal Affairs may be another funding option.
- . the larger centres outside Winnipeg (Brandon and Portage la Prairie, for example) are experiencing similar inner city problems, although on a much smaller scale and of a less serious nature. Policy directions suggested for Winnipeg are applicable on a smaller scale. Manitoba Housing could also help address the problems more directly by focusing its own program activities on the inner city as opposed to suburban locations as apparently has often been the case in the past.

CONCLUSION

In conclusion, the report recommends major changes in land policy. It advocates that Manitoba Housing move away entirely from suburban land activities. In return, it advocates a much more concentrated and extensive role in the inner city. Although some of the recommendations, if adopted, would result in significant changes in the role of Manitoba Housing as well as substantial increases in funding requirements, IUS feels these recommendations are justified, given expected market and urban development trends over the next decade.

3.0 MARKET TRENDS

3.1 Manitoba's Economic Performance

Population change, household growth and housing consumption patterns are influenced to a significant extent by characteristics and trends in the economy. A brief overview of the current economic situation and trends in the near future is necessary to place future housing demand and the resulting demand for land in perspective.

- . Manitoba experienced relatively poor economic growth during the 70s and early 80s and, in fact, during most of this period ranked 10th among the provinces in average population, real GDP and employment growth.
- . however, economic conditions have improved considerably in Manitoba during the past three years prompted by government stimulus to housing, redevelopment projects in Winnipeg and the Limestone Power Plant. These factors have been reinforced by lower, more stable interest rates and a generally improved North American economy. Growth in the Real Domestic Product was 8.5 percent (in current dollars) in 1986, well above the Canadian average of 5.4 percent.
- . Manitoba's economy is more diversified than the economy of the other Prairie Provinces. In 1985, agriculture accounted for only 8% of the Gross Domestic Product (GDP) in Manitoba. In Saskatchewan and Alberta, this figure is more than twice as high. On the other hand, manufacturing accounted for 11.3%, transportation communication 11.5% and wholesale/retail trade for 11.3% in Manitoba. These figures are much lower in Saskatchewan and Alberta.
- . finance, insurance and real estate at 18% of GDP and the service sectors at 23.6% have experienced steady growth in Manitoba over the last couple of decades. This growth is expected to continue over the next decade.
- . prompted by the improved economic environment, increasing consumer confidence has boosted consumer spending by 10.1% in 1984, 15.2% in 1985 and 4.6% in 1986.

- . Limestone will generate 6,000 person years of direct employment in Manitoba during the next six (6) years and spin off will result in the creation of an additional 11,000 person years of indirect employment - much of it in Manitoba.
- . continued investment in several redevelopment projects in Winnipeg over the next five years will provide additional stimulus to the economy.
- . it is likely that the real growth in Canada, during the 1986-1996 period, will be centered on manufacturing, construction, service and financial sectors centered largely in Manitoba, Ontario and Quebec. Growth in the resource and agriculture commodity sectors will be weak, but the more diversified economy of Manitoba will not be as negatively affected.
- . projections by agencies, such as, the Economics Department of the Royal Bank, the Toronto Dominion Bank, the Conference Board and the Manitoba Department of Finance suggest economic growth in Manitoba will continue to equal or surpass the Canadian average, at least until the early 1990s, and growth in the GDP will likely be in the range of 2.5 - 3.5 percent annually.
- . it is unlikely that recent large gains in employment will be sustained, but based on the moderately positive economic trends the annual average increase was 2.7% in 1986 and is running over 2% to date in 1987.
- . to the extent that trends suggest, improved employment and assuming no substantial increases in personal income taxes (given the context of the recent Decter Report, this may not be a realistic assumption) growth in real household income during the 1986-1996 period should be slightly higher than it was in the early 80s. This combined with continued population growth, growing consumer confidence and the lower and more stable interest rates that are projected should provide the momentum for increased spending on housing in the short term.

In summary, the more diversified nature of the Manitoba economy will help protect it from the recessionary trends occurring in the resource and agricultural sectors. Modest but positive economic growth is expected to

occur in the 1986-1996 period. Growth will be higher than it was in the previous decade. These positive trends will result in very modest increases in both employment and personal income which will have a positive impact on housing demand. The level of new housing construction, at least, in the short term, will be significantly higher than it was during the early 1980s. One should not expect, however, a return to the lofty heights of housing activity that occurred in the early and mid 70s. As well, in the 1990s, housing demand will certainly be reduced by demographic changes alone.

3.2 Population Growth and Distribution

Various population projections for the Province, the City and the Winnipeg Census Metropolitan Area were examined. These projections originated from a variety of sources including Statistics Canada, Manitoba Bureau of Statistics (MBS), the City of Winnipeg and Clayton Research.

3.2.1 Provincial Population Change

The projected provincial population is indicated in Table 3.1. Points worth noting include:

- . after very slow growth in the 1976-1981 period, growth improved substantially in the 81-86 period. During that period the provincial population grew by about 0.7% per annum resulting in an increase of 36,771 people;
- . the population is projected to grow at an even faster rate in the 86-91 period with a five year increase of 59,884. IUS, however, feels this is unrealistic given that the 1986 actual population is much lower than the projected figure. The adjusted figures suggesting a five year increase of 44,647 people seems much more realistic.
- . growth drops off substantially in the 91-96 period, then actually declines slightly over the next twenty years. As will be pointed out later in the report the decline will be centered in areas outside of Winnipeg;

TABLE 3.1

POPULATION CHANGE IN MANITOBA 1981-2006

<u>Year</u>	<u>Population</u>	<u>Five Year Change</u>		<u>Annual Change</u>
		<u>#</u>	<u>%</u>	<u>#</u>
1981	1,026,245	4,735	0.5	947
1986	1,063,016 ¹	36,771	3.6	7,354

1991	1,122,900	59,884	5.6	11,977
1996	1,137,500	14,600	1.3	2,920
2001	1,135,100	-2,400	-0.2	- 480
2006	1,127,000	-8,100	-1.0	-1,620

IUS ADJUSTED FIGURES

1991	1,107,663	44,647	4.2	8,929
1996	1,122,063	14,400	1.3	2,880
2001	1,119,819	-2,244	-0.2	- 449
2006	1,108,621	-11,198	-1.0	-2,240

SOURCE:

Statistics Canada, Catalogue # 91-520.
Manitoba Bureau of Statistics.

NOTES:

1. The 1986 projected figure was 1,077,500 or 14,484 higher than the actual figure of 1,063,016. Accordingly, growth is likely to be lower in the subsequent five years. IUS suggests the 1991 population is likely to be more in the order of 1,107,663 an increase of 44,647 or 8929 persons annually. The adjusted projection uses the same rates of increase applied in the original projection, but starts on the revised 1986 base figure.

- . annual increases in population fall from approximately 9,000 people in the 86-91 period to negative values in the 1996-2006 period.

In summary, after modest growth in the period 1981 to 1991 provincial population increases fall rapidly and actually decline from the turn of the century onward.

3.2.2 Population Change in Winnipeg

Because the report places much more emphasis on the City of Winnipeg considerable more detail is presented on population change and the resulting household growth and housing demand for the City. Trends in the basic components of population change are briefly discussed below:

- . survival rates are at historically high levels and with continued improvements in longevity of the elderly age specific survival rates are projected to remain high throughout the 1990s.
- . fertility rates are expected to continue the decline that was established in the 1960s falling from 1.58 births per woman aged 15-49 to 1.21 birth by 1996. Recent data (81-86) suggests the decline is not as rapid as MBS have projected, but even if the 1.21 level is not reached by 1991, the effect on population change and housing demand is negligible.
- . net natural increase, the difference between births and deaths, because of the declining birth rate will drop off. Average annual increases of 2400 in 1986-1991 will fall to just over 1000 in 1991-1996 (Table 3.2).
- . migration trends are more speculative as they are in large part a function of the strengths of the Winnipeg economy relative to the rest of the province and to other provinces. Intraprovincial migration averaged just over 1200 people annually in the late 70s and early 80s and MBS projects that this level will be maintained through the 1990s. Interprovincial migration resulted in average annual losses of 3200 people in the late 70s and early 80s with recent annual gains of 600-700 people. The trend has now switched back to the negative side and MBS projects annual losses of 226 and 2172 people in the 86-91 and

91-96 period respectively. Net international migration is expected to remain on the positive side with gains falling from an annual average of 2800 to 2100 people during the 1990s. The net affect of these movements will be average annual increases of 3100 people in the 1986-1999 period and 1200 people in the 1991-1996 period (Table 3.2).

- . the net affect of changes in the basic population components will be annual population increases of 5500 in the period 1986-1991 falling to 2200 in 1996-1991 (Table 3.2).

TABLE 3.2

POPULATION CHANGE BY COMPONENT 1986-1996

<u>Period</u>	<u>Natural Population Growth</u>			<u>Migration</u>			<u>Net</u>	<u>Average Annual Population Change</u>
	<u>Births</u>	<u>Deaths</u>	<u>Net</u>	<u>Inter Prov.</u>	<u>Intra Prov.</u>	<u>Inter Nat.</u>		
1986-1991	7194	4786	2408	-226	1220	2130	3124	5532
1991-1996	6154	5102	1052	-2172	1220	2130	1178	2230

SOURCE:

Manitoba Bureau of Statistics.

Based on the general trends in basic components, two projections for the City of Winnipeg are illustrated in Table 3.3, one by the City and one by the Manitoba Bureau of Statistics (MBS). Table 3.3 indicates that:

- . the projections are very similar for 2001 and 2006. Significant differences occur in the period 1991 to 1996;

TABLE 3.3

POPULATION CHANGE IN THE CITY OF WINNIPEG: 1981-2006

Year	City of Winnipeg Projection				Manitoba Bureau of Statistics Projection			
	Population	Five Year Change		Annual Change	Population	Five Year Change		Annual Change
		#	%	#		#	%	#
1981	564,470	3,596	0.6	720	564,470	3,596	0.6	720
1986	594,551	30,081 ¹	5.3	6016	594,551	30,081 ¹	5.3	6016
1991	619,266	24,715	4.2	4943	629,100	34,549	5.8	6910
1996	635,154	15,888	2.6	3176	643,100	14,000	2.2	2,800
2001	645,300	10,146	1.6	2029	647,800	4,700	0.7	940
2006	651,684	6,384	0.9	1277	649,500	1,700	0.2	340
1986- 2006		52,183	8.7	2609		51,100	8.5	2,555

SOURCE:

Statistics Canada.
Manitoba Bureau of Statistics.

NOTES:

1. The projected 1986 figures under both projections was slightly higher than the actual '86 figures. This raises the rate of increase between 1986 and 1991 slightly, although not enough to discredit the entire projection.

- . the City projection indicates slower but more prolonged growth in the period 1986 to 2001 while the Manitoba Bureau of Statistics (MBS) projection indicates growth is much more concentrated in the 1986 to 1996 period, particularly in 1986-1991;
- . the result in 2006 in both projections is very similar and the increases predicted over the twenty year period differ only by approximately 1000;
- . annual increases in population under both projections fall from around 6000 in the 81 to 86 period to just over 1000 for the City projection and well under 1000 in the MBS projection by 2006;
- . annual rates of population increase average less than one half of one percent over the twenty year period falling from just over one percent annually in the 81-86 period to one tenth of one percent or less in the period 2001 to 2006.

In summary, these points highlight that regardless of the projection chosen, future trends suggest continued growth in Winnipeg but at a rapidly declining rate. Over the next twenty years, most of the population increase will occur prior to 1996. Very slow growth is projected after this date.

3.2.3 Population Distribution in the Province

Projected figures are also available for the Winnipeg Census Metropolitan Area (CMA). The figures in Table 3.4 indicate that:

- . population growth follows a trend similar to that of the City of Winnipeg;
- . growth continues over the period but at a declining rate;
- . growth is most significant in the 1986 to 1996 period;
- . growth is substantially higher after 1991 than it is in the City of Winnipeg, which, of course, suggests that there will be substantial population increase outside the current city boundaries.

TABLE 3.4

POPULATION CHANGE IN THE WINNIPEG CENSUS
 METROPOLITAN AREA: 1981-2001

<u>Year</u>	<u>Statistics Canada Projection</u>			
	<u>Population</u>	<u>Five Year Change</u>		<u>Annual Change</u>
		#	%	#
1981	584,842	6625	1.1	1325
1986	625,304	40,462	6.9	8092

1991	643,546	18,242	2.9	3648
1996	663,588	20,042	3.1	4008
2001	680,864	17,276	2.6	3455
1986-2001		58,941	9.5	3930

SOURCE:

Statistics Canada.

Comparison of projected population growth in the Province, the Winnipeg CMA and the City of Winnipeg (Table 3.5) illustrate that:

- . growth will be concentrated in Winnipeg and area, particularly after 1996;
- . population in the province as a whole will actually decline after 1996;
- . although the City of Winnipeg will continue to grow, more and more of the growth will be located in the CMA outside the current City of Winnipeg boundaries. For example, in the 1996-2001 period, growth in the CMA is projected at approximately 17,000 people, but only 10,000 are located within the current City boundaries.

TABLE 3.5

COMPARATIVE POPULATION CHANGE: MANITOBA, CITY OF WINNIPEG
AND THE WINNIPEG CMA: 1981-2006

<u>Year</u>	<u>Manitoba</u>	<u>Winnipeg CMA</u> <u>Five Year Increases</u>	<u>City of Winnipeg</u>
1981	4,735	6,625	3,596
1986	36,771	40,462	30,081
1991	44,647	18,242	24,715
1996	14,400	20,042	15,888
2001	-2,244	17,276	10,146
2006	-11,198	N/A	6,384

SOURCE:

Statistics Canada
Manitoba Bureau of Statistics

IUS Adjusted Projections for the Province.

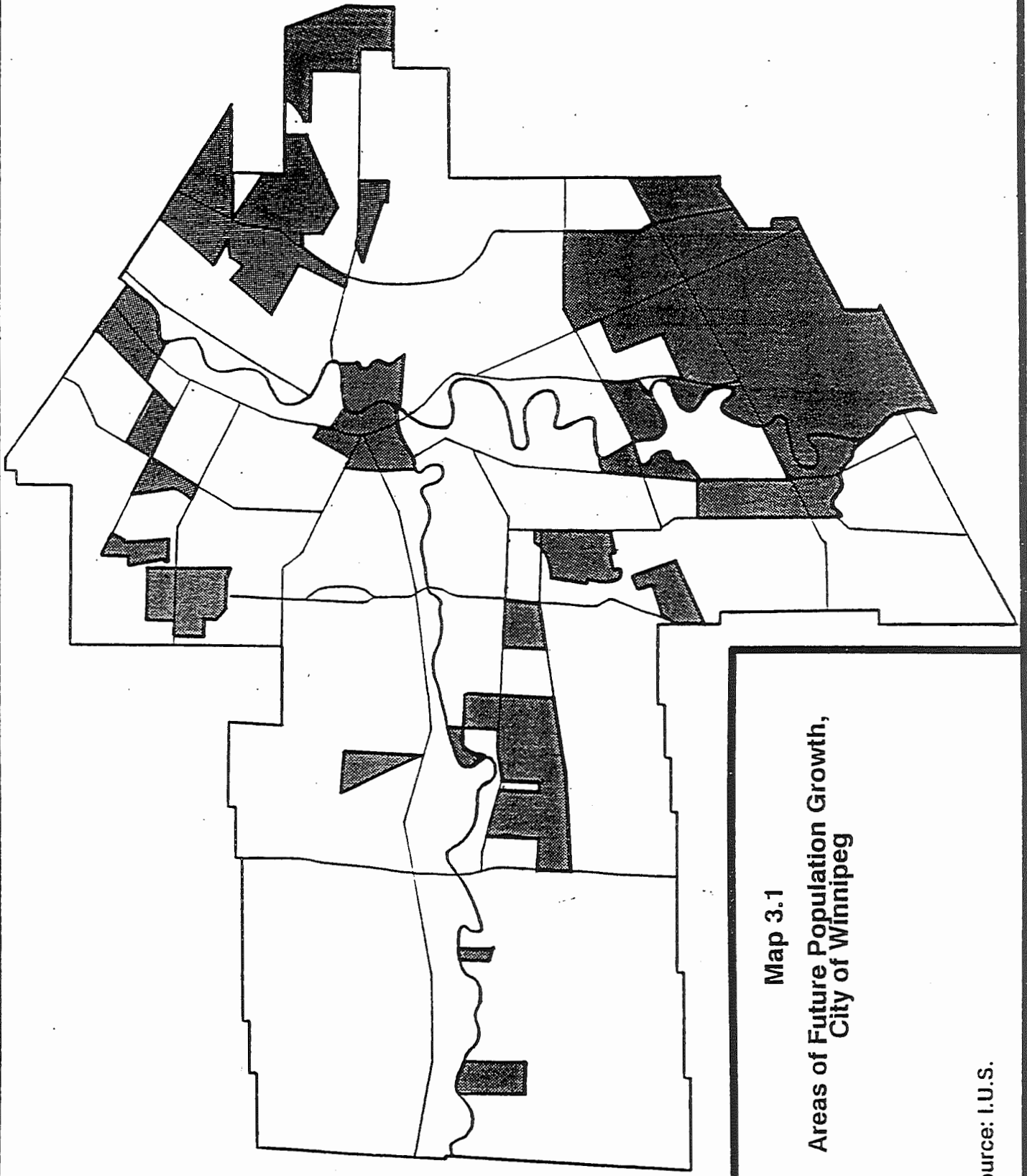
In summary, after 1996 the province as a whole will begin to decline, although small urban centres such as Brandon, Portage la Prairie, Dauphin, Selkirk and Steinbach are expected to register slow growth. Growth, over the next twenty years, will however, be concentrated in the Winnipeg Metropolitan area. This has obvious implications for land requirements and land policy within the province.

3.2.4 Population Distribution in the City of Winnipeg

Growth within the City of Winnipeg boundaries is illustrated in Table 3.6 and Map 3.1, indicating populating change by community committee area. These figures prepared by the City suggest that:

- . the City Centre/Fort Rouge and St. James areas will continue to decline. Over the next fifteen years City Centre/Fort Rouge will lose over 3000 people or decline by 3.4%. St. James will decline over 5000 or 5.8%;
- . over 60% of the growth will be concentrated in St. Boniface, St. Vital and the Fort Garry areas with the addition of close to 60,000 people;
- . lower levels of growth will occur in Lord Selkirk, West Kildonan and East Kildonan-Transcona.

Although the City Centre/Fort Rouge and St. James areas are projected to decline overall, growth does occur in selected portions of these areas as indicated on Map 3.1 and Table 3.6. In this respect, the position of the inner city is not as bleak as the overall statistics would indicate, although most growth is projected to occur in the suburban areas, continuing the trend that has been characteristics over the last several decades.



Map 3.1
Areas of Future Population Growth,
City of Winnipeg

Source: I.U.S.

TABLE 3.6

POPULATION PROJECTIONS BY COMMUNITY COMMITTEE AREAS

<u>Committee Area</u>	<u>Population Change</u>				<u>Share of Total Growth</u>
	<u>1981</u>	<u>2001</u>	<u>#</u>	<u>%</u>	
City Centre/Fort Rouge	101,520	98,482	-3038	-2.9	-3.4
Core Area	11,140	16,778	5638	50.6	6.9
St. James	70,095	64,906	-5189	-7.4	-5.8
Lord Selkirk/West Kildonan	95,640	115,070	19,430	20.3	21.7
East Kildonan/Transcona	105,520	117,838	12,318	11.7	13.8
St. Boniface/St. Vital	87,140	116,249	29,109	33.4	32.6
Assiniboine Park/ Fort Garry	104,280	132,756	28,476	27.3	31.8
TOTAL	564,195	645,301	81,106	14.4	

SOURCE:

Projecting and Monitoring the City of Winnipeg's Population,
W. Gordon Courage, Department of Environment Planning,
City of Winnipeg.

3.3 Changing Age Composition of the Population

Changes in the fertility rates over the past sixty years have left their imprint on the age structure of the Province's population. Low birth rates in the 30s followed by high and rising rates in the late 40s and the 50s followed by declining rates in the late 60s, 70s and early 80s have had a profound impact on the current population structure. The baby boom population born in the late 40s, the 50s and early 1960s have been the most influential group. Currently, this group is 20 to 39 years old, but by 2001 they will be 35 to 54 years old. The age groups preceding and following the baby boomers are not nearly as large, so the baby boom groups have had a profound impact on the housing market over the past twenty years and this impact will continue over the next couple of decades. Population growth will be concentrated in the 35-59 age group as is illustrated by Figure 3.1 and Table 3.7 showing population change for the City of Winnipeg and the Province of Manitoba. Senior citizens (65 plus) will also increase significantly. The younger age groups (under 34) normally more closely associated with the rental market will decline significantly. This decline, associated with the increase in the number of persons aged 35-54 is likely to cause a significant shift in demand for housing from rental to ownership units.

3.4 Household Growth and Change

The amount, type and to a certain extent, the location of new housing demanded depends on the number and characteristics (age of head and household type) of households in the market place. By applying projected household headship rates to the projected population by age group, it is possible to arrive at projected households. A variety of factors resulted in a significant increase in headship rates in the 60s and 70s. They included:

- . greater affluence amongst the young and the old providing both with the financial means to support a separate household;

FIGURE 3.1

% POPULATION CHANGE BY AGE GROUP

1981 to 2006

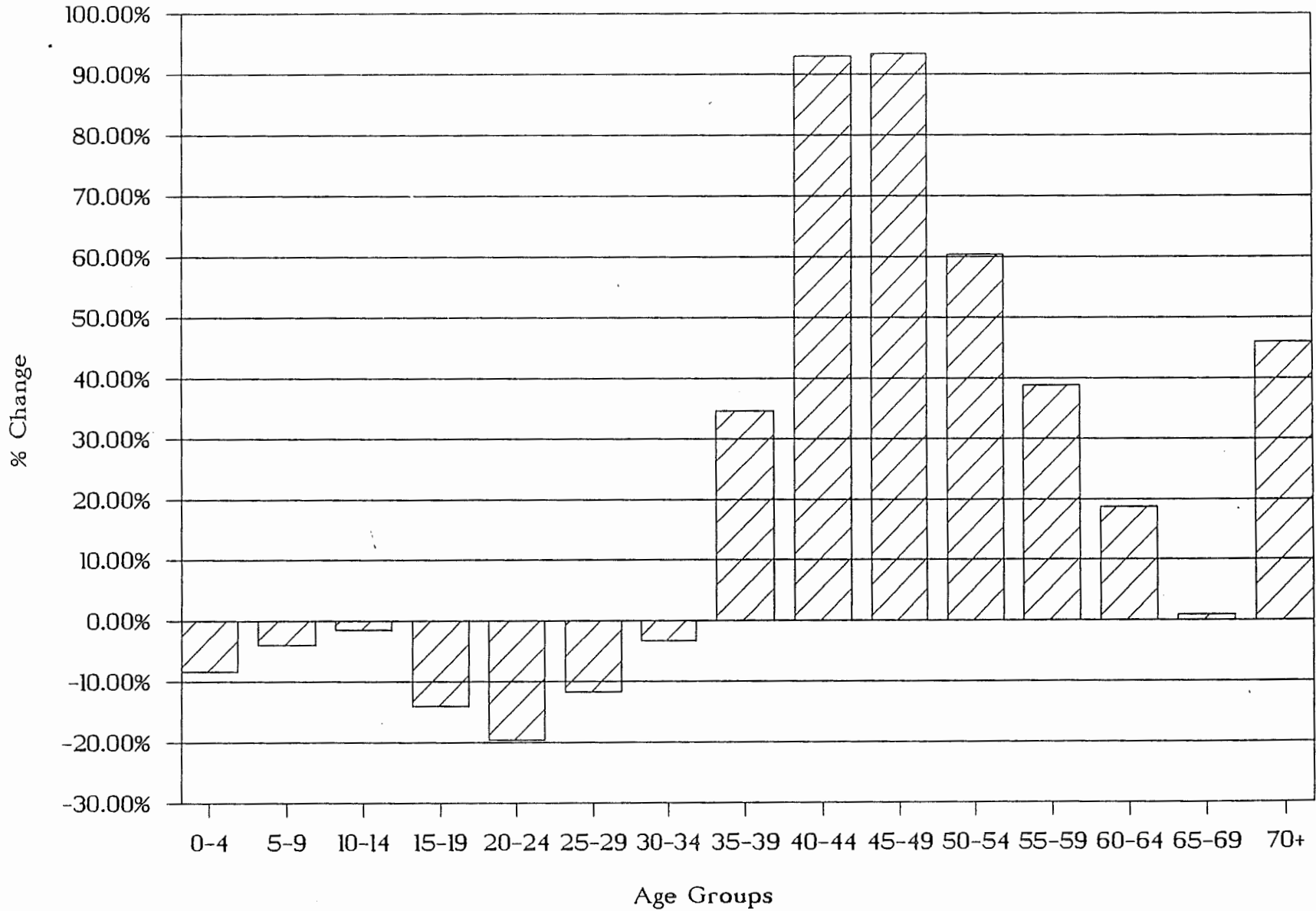


TABLE 3.7

FIVE-YEAR CHANGES IN POPULATION BY AGE GROUPS - MANITOBA

AGE GROUP	PERIOD				PROJECTED			
	1961-66	1966-71	1971-76	1976-81	1981-86	1986-91	1991-96	1996-2001
0- 4	- 5,149	-17,015	- 3,085	- 5,565	3,840	- 4,400	- 9,600	- 8,400
5- 9	4,145	- 5,327	-15,230	- 5,790	- 2,080	3,800	- 6,100	- 9,900
10-14	8,077	1,963	- 3,375	-15,485	- 3,030	- 1,900	2,500	- 6,400
15-19	17,040	8,487	4,040	- 4,160	-12,715	- 3,200	- 2,900	2,100
20-24	7,892	18,581	8,495	45	4,980	-12,800	- 5,500	- 3,000
25-34	- 7,857	12,300	28,015	15,500	18,425	14,600	-15,000	- 22,100
35-44	- 3,709	-10,965	- 1,310	8,010	27,100	25,900	14,600	6,800
45-54	6,252	743	- 985	- 6,920	- 390	11,000	25,300	22,400
55-64	9,119	9,720	5,680	3,840	1,255	- 3,300	- 100	9,900
65-74	494	3,054	8,430	9,280	6,465	5,700	2,200	- 2,600
75+	5,076	3,643	2,570	5,990	7,510	10,000	8,700	8,900
TOTALS	41,380	25,184	33,263	4,735	51,255	45,400	14,600	- 2,400

NOTE:

1. TOTALS MAY NOT RECONCILE PRECISELY DUE TO ROUNDING.

SOURCE:

BASED ON CENSUS AND POPULATION PROJECTION DATA FROM STATISTICS CANADA.

- . affluence combined with changing lifestyles led many young single individuals to set up separate households as opposed to living with their parents;
- . increased divorces and separations which often led to two separate households; and,
- . government incentive and housing support programs which allowed lower income households to maintain their own dwelling.

Headship rates rose rapidly until 1981, but since then have stabilized or, in some cases, actually declined. This was related to higher unemployment, reduced incomes, and uncertainty about job prospects. Many younger individuals shared accommodation or stayed with their parents.

Future headship rates are expected to be affected by the following factors:

- . long term predictions of local and national economic trends call for relatively slow growth and unemployment is expected to remain high, particularly for the younger age groups;
- . even for those who do have jobs only very modest gains in income are expected;
- . the rate of family breakdown is also expected to rise less rapidly and perhaps even stabilize at current levels;
- . female labour force participation is expected to continue to rise as will the incidence of two-income families but most of these new participants will be married women that are already part of a household, so the impact on household formation and housing demand will not be significant;
- . recent work in the United States suggests that rates may actually decline as those at the tail end of the baby boom find it easier to remain in their parents' home, as there is no pressure created by younger siblings to vacate the space.

Based on the above scenario, most projections for the province and the City use either headship rates constant at the 1981 level or rates with

only marginal gains in particular age groups, i.e., the 30 to 54 because of improving economic circumstances or changing housing preferences. When these rates are applied to population projections for the City or the Census Metropolitan Area projected household growth can be determined. The projected figures are presented in Table 3.8.

TABLE 3.8
PROJECTED HOUSEHOLD GROWTH, 1986-2001
(Annual Average Growth)

	City of Winnipeg	Winnipeg Metropolitan Area
1986-91	3320	4379
1991-96	2000	3070
1996-2001	1520	2340

SOURCE: City of Winnipeg figures from City of Winnipeg, Department of Environmental Planning, 1986.

Winnipeg Metropolitan Figures from Census of Canada and Clayton Research Associates, 1986.

The City's Environmental Planning Department project annual growth of approximately 3300 households in the 1986-91 period, Clayton Research projects a growth of 4400 households for the Metropolitan Area. Both predict substantially reduced activity for the subsequent periods to 2001.

There will also be noticeable differences in the type of households entering the market place over the next ten to fifteen years. Work by Clayton Research for the Census Metropolitan Area (Table 3.9) illustrates that:

- . there will be a substantial increase in the number of non family households relative to the 1981-86

TABLE 3.9

ANNUAL HOUSEHOLD GROWTH BY HOUSEHOLD TYPE,
WINNIPEG CMA, 1976-1996.

Household Type	<u>Actual</u>		<u>Estimated</u>		<u>Projected</u>			
	1976 - 1981		1981 - 1986		1986 - 1991		1991 - 1996	
	#	%	#	%	#	%	#	%
Non Family Husband, wife with children	2957 (297)	69.3 -7.5	113 1946	3.3 56.6	1092 2079	24.9 47.5	774 1459	25.2 47.5
Husband, wife with no children	873	21.9	896	26.1	700	16.0	452	14.7
Lone Parent Family	648	16.3	485	14.1	508	11.6	386	12.6
Total	3981	100.0	3441	100.0	4379	100.0	3070	100.0

SOURCE: Census of Canada and Clayton Research Associates, 1986.

period due in part to the improved economic conditions. Growth in this group, however, will not be near as significant as it was in the 70s. Most of these households in the next ten years will be seniors, whereas in the 70s, they were young singles.

- . nuclear families (husband and wife with children) will dominate the market over the next ten years, as the baby boomers have children, but these families will be smaller than in the past.
- . couples without children will be an important but declining element of the market and there will be little change in lone parent family formation.

These trends, of course, reinforce the overall decline in demand, but as well, provide further evidence to suggest the market will shift to a

greater emphasis on ownership as opposed to rental accommodation. Based on current trends, even non-family senior households, and especially couples without children, are expected to look toward equity accumulation and participation which is only a possibility in an ownership form of tenure.

3.5 Housing Requirements

Based on household growth from Table 3.8, it is possible to predict annual housing requirements. Housing requirements consist of three components - units required to accommodate new household formation, units required to replace demolitions and units necessary to achieve suitable vacancy rates. Various projections are available for Winnipeg as illustrated in Table 3.10. A report by Environmental Planning at the City projects approximately 4000 starts annually in the 1986-1991 period, while

TABLE 3.10

PROJECTED ANNUAL AVERAGE HOUSING REQUIREMENTS,
1986 - 1996.

	<u>City of Winnipeg</u>		<u>Winnipeg Metropolitan Area</u>	
	1986-1991	1991-1996	1986-1991	1991-1996
New Household Formation	3320	2000	4379	3070
Vacancy Adjustment	200	-	121	80
Replacement	452	424	500	600
Projected Total	3972	2424	5000	3750

SOURCE: City of Winnipeg figures from City of Winnipeg, Department of Environmental Planning, 1986.

Winnipeg Metropolitan Figures from Census of Canada and Clayton Research Associates, 1986.

Clayton Research suggest 5000 annually for the Metropolitan Area during the same period. Both Clayton Research and the City project a substantial decline in the subsequent five year period, the City to average annual starts of 2400, Clayton to 3750. Even though Clayton Research figures are for the Metropolitan Area, they are considerably more optimistic. A review of the two projections by IUS indicates Clayton's assumptions on fertility and net migration to Winnipeg are slightly more optimistic than Environmental Planning's assumptions. However, the differences are small and IUS feels both projections represent expected demographic, household and consumer trends within a reasonable margin of error over the ten year period. Starts in the subsequent ten year period will likely be marginally lower, averaging 2500-3000 starts on an annual basis.

Replacement rates is an area where IUS feels these projections may require refinement. In the case of both projections, replacement rates are based entirely on trends over the last ten to fifteen years. A variety of factors, including the age of the existing stock suggest replacement rates may be higher in the future. These factors include:

- . in 1981, over 20,000 units or 10% of the existing stock in Winnipeg had been built, prior to 1920. Another 33,500 units or 15% of the stock had been built between 1921 and 1945. Many units are reaching a point where replacement as opposed to repair is the most likely option.
- . approximately 17,000 units or 8% of the entire stock consists of rental units built prior to 1945. Many of these units (perhaps as many as 11,000) are located in older apartment buildings in the older residential areas. Many of these apartments are in the inner city. Just over 5200 of these rental units, again most of them apartment units, were built prior to 1920.
- . changing consumer preferences and difficulties with upgrading the energy efficiency of the older units may also hasten the demise of many older buildings.

Although it is difficult to arrive at a definitive replacement rate based on these general factors, it is by no means unrealistic to suggest that rates may be higher in the future. However, even if rates doubled from the current 450-500 units to 900-1000 units per year, it would not add substantially to overall housing activity. Rates are not likely to double, but increasing replacement to 750 units per year may well be a more realistic assessment of the situation, but this increased rate will have only a marginal affect on overall activity.

Although Clayton Research figures are based on demographic assumptions that may be slightly optimistic, these assumptions may be offset by higher replacement rates. Therefore, IUS has chosen to use activity levels of 5000 units annually for the 1986-1991 period and 3700 for 1991 to 1996. These figures would represent activity in the Metropolitan Area which encompasses what should be considered as the "Winnipeg Market". Although projections beyond ten years is a nebulous task, demographic trends suggest activity will continue to decline and is not likely to average more than 2500-3000 units annually.

3.6 Housing Requirements by Tenure and Location

The age of the household head and the type of household have a significant influence on the tenure option the household will seek. Households under 25 and over 65 and non-family households are much more likely to rent than households between 25 and 64 or family households. With the ageing of the population (Figure 3.1) and fewer young non-family households the emphasis on ownership accommodation is likely to increase. This may also be reinforced by economic and consumer preferences as more households, particularly seniors and even some younger non-family households seek the benefits of equity participation and accumulation that is only available in an ownership situation. Based on these trends, IUS suggests the tenure split in the future will be 70% owner and 30% rental in 1986-1991, rising to 75% ownership in the period 1991-1996 and 80% to the year 2001. The unit distribution is outlined in Table 3.11. Activity in the ownership sector (single and semi-detached units) even though it

TABLE 3.11

AVERAGE ANNUAL HOUSING DEMAND BY TENURE
1986 - 2000
METROPOLITAN AREA

<u>Period</u>	<u>Ownership</u>		<u>Rental</u>		<u>Total</u>
	%	#	%	#	
1976-1981	48	2573	52	2813	5386
1981-1986	65	2348	35	1276	3624
-----	-----	-----	-----	-----	-----
1986-1991	70	3500	30	1500	5000
1991-1996	75	2775	25	925	3700
1996-2001	80	2200	20	550	2750

SOURCE: Calculated by IUS.

NOTES: Ownership units include single and semi-detached units.
Rental units include row, townhouse and apartments.

increases as a proportion of total units falls from 3500 annually in 1986-1991 to 2200 annually by the year 2001. Rental units fall from 1500 units to 550 units over the same time period. In the short term (1987 and 1988), rental activity may be higher than 1500 units because of the substantial emphasis on inner city projects, but activity can be expected to decline substantially after 1988.

With respect to location Map 3.1 and Table 3.6 suggests that activity will be concentrated in suburban areas and the focus of population growth will shift from the northeast and northwest to the southeast and southwest sectors of the City. As already indicated, close to 65% of the growth between now and 2001 will be concentrated in these two areas of the City. Less than 10% of the growth is expected to occur in the inner city

(basically, within the Core Area boundaries). However, as was the case with replacement rates, this is based on past trends as opposed to a more futuristic assessment. With the current initiatives in the Core Area, considerable more growth could be channelled into this area. One of the major impediments is, of course, an adequate land base to accommodate housing. This issue will be addressed later in the report. Even with the initiatives within the Core Area and policies to address the land base problems, it is unlikely more than 20% of the activity over the next five to ten years will be directed to the inner city. With the recent interest by rental developers over the past couple of years, close to 20% of starts annually have been in the inner city, but this will be difficult to maintain on a long term basis without a more adequate land base. As a result, it is probably quite safe to assume that 80% of new activity will still be concentrated in suburban location, most of it in the southeast and southwest sectors.

3.7 Rural Housing Requirements

The report to this point has placed most of the emphasis on the City of Winnipeg. Rural population change has been discussed, but not housing requirements. The report has already pointed out that population growth, particularly after 1996 is concentrated almost entirely in Winnipeg. Housing activity can be expected to follow the same pattern.

Historically activity has been centred in Winnipeg and the proportion of activity in the province that occurs in Winnipeg has climbed from 67% in the 1961-1965 period to 76% in the 1981-1985 period (Table 3.12). In the 1981 to 1985 period, average annual starts outside the Winnipeg CMA were just over 1100 units. Starts climbed to 1610 in areas outside Winnipeg in 1986, but are not expected to maintain this pace over an extended length of time. Starts are not expected to average more than 1000 units annually during the 1986-1991 period and marginal declines can be expected in subsequent five year periods to the year 2001. Although the population in the rural area may decline as a whole, there will always be new housing activity as centres, such as Brandon, Portage la Prairie and Selkirk, and

there will always be a need for replacement. Single detached ownership units will form an even larger share of the market than in Winnipeg, but rental units will be required in some of the larger centres. In summary, the level of activity outside of Winnipeg is not expected to create any significant pressure on the supply of land.

TABLE 3.12

DWELLING STARTS BY REGION IN MANITOBA
(Five Year Averages)

<u>Period</u>	<u>Manitoba</u>		<u>Winnipeg CMA</u>		<u>Other Urban¹</u>		<u>Other²</u>	
	#	%	#	%	#	%	#	%
1961-65	5875	100	3930	67	261	4	1684	29
1966-70	7667	100	5328	69	294	4	2045	27
1971-75	10,180	100	7096	70	625	6	2459	24
1976-80	7847	100	5707	73	534	7	1606	20
1981-85	4540	100	3429	76	383	8	729	16
1986-87	7699	100	6089	79	496	6	1114	15

NOTES:

1. Includes Brandon, Flin Flon and Portage la Prairie, Thompson from 1972 onward, Selkirk from 1982 onward.
2. Rural and urban centres under 10,000 in population.

SOURCES:

- Canada Mortgage and Housing Corporation, Canadian Housing Statistics, related years.
- Manitoba Bureau of Statistics, Manitoba Statistical Review and Manitoba Digest of Statistics, related years.

3.8 Summary

Modest but positive economic growth is the best way to describe the expected economy of Manitoba into the 1990s. This modest economic growth, when combined with an ageing population and positive but declining rates of population growth in Winnipeg, will see annual average housing requirements fall from 5000 units in the 1986 to 1991 period to 2750 units by the turn of the century. The ageing population will strengthen the move up home buyer sector of the market place at the expense of rental activity. Suburban growth is expected to continue to dominate in Winnipeg, but the current renewed interest in the inner city is expected to continue with increased emphasis on new and renovated housing in older residential areas. Housing demand is also expected to decline in areas outside Winnipeg with requirements falling from an annual average of 1000 units for the 1986-1991 period to less than 700 by the turn of the century.

Land requirements, at least in suburban areas of Winnipeg and the rural areas, will decline accordingly. Unless economic growth and immigration increase dramatically, a scenario that finds no support in current trends, it is hard to imagine any significant pressure on land prices and land supply. Difficulties can, however, be anticipated in the inner city of Winnipeg. It may be difficult to accommodate even the modest population increase projected, unless a suitable land base is available. As future discussion in this report will indicate, this land base is currently a problematic issue.

4.0 THE HISTORY AND RATIONALE FOR PUBLIC INVOLVEMENT IN LAND

4.1 Public Rationale

Why should public agencies be involved in land banking and development? If they are involved then what role should they play? A review of the relevant literature suggests the rationale put forward for public involvement covers a wide variety of issues and reasons including:

- . increasing the supply of moderately priced land to moderate overall market prices. The intent is to be a large enough actor in the market place to deter excess profit-taking by the private sector;
- . promotion of market stability and affordability by ensuring an adequate supply of land;
- . providing a land base for social housing;
- . providing lots to small non integrated builders so they can compete in the market place;
- . providing lots to individuals or families who wish to build their own home or have it custom built;
- . controlling the direction of urban growth;
- . capturing the increment (profit margin or difference between costs and market price) to finance other public initiatives;
- . general economic development objectives such as using land indirectly via other housing program vehicles to stimulate employment and affordability.

A brief historical overview of land banking and development in Canada and Manitoba follows and is used to evaluate Manitoba Housing's current role in land as well as shaping future policies.

4.2 The National Context

During the late 1960s and early 1970s federal, provincial and municipal governments entered the field of land ownership and development

in a major way. This initiative was prompted by rapid escalation of urban land values and, some would suggest, an increasing scarcity of well serviced, developable land. In Canada the price of single family building lots increased five fold between 1960 and 1980. In the 70s alone prices almost doubled in the period 1970 to 1975 and doubled again between 1975 and 1980 (Table 4.1).

TABLE 4.1

PRICE INCREASES FOR SINGLE FAMILY BUILDING LOTS: CANADA 1955-1980

<u>YEAR</u>	<u>LOT PRICES</u> \$	<u>PERCENTAGE CHANGE</u> %
1955	1819	
1960	2473	35.9
1965	3095	25.1
1970	4191	35.4
1975	7246	72.8
1980	14606	101.6
1960-1980	12787	703.0

Source: CMHC Canadian Housing Statistics

The impact of urban land prices on housing affordability was the subject of several studies. The Hellyer report recommended that:

Municipalities or regional (metropolitan) governments, as a matter of continuing policy, should acquire, service, and sell all or a substantial portion of the land required for urban growth within their boundaries . . .

The federal government should make direct loans to municipalities or regional governments to assist them in assembling and servicing land for urban growth.

These recommendations were repeated and even elaborated on in the Dennis report which stated that

a large scale land banking program would entail the acquisition of a sufficient supply of land to meet all urban requirements for a ten-year period, although the land would be marketed over a longer period of time (at least twenty years). The public land bank would market from one quarter to one half of the land required in any given year and thereby set the pricing pattern. They would be in a position in any given year to flood the market and depress prices.

The Dennis report also suggested that municipalities should have greater control over the assembly and development of land and should be given increased grants and loans by the provincial and federal governments as well as increased municipal revenue sources. Heavier taxes on land sale profits were also recommended.

It was within this atmosphere of escalating prices and strong support from the Federal Government that both municipalities and provincial governments entered the land banking and development field.

4.3 The Manitoba Context

In the late 60s and early 70s Manitoba Housing purchased land only for specific development. The land was usually purchased by proposal call and the call generally specified the number and type of units that would be built on the land. Land was purchased with a specific purpose in mind.

The decision to bank land without specific projects in mind occurred in 1972/73. Again the decision was made within the atmosphere of escalating prices and a political philosophy that government could and should play a role in moderating prices. The final decision to bank, however, was really prompted by the availability of federal funds. The general provincial political philosophy was that if the federal government was prepared to subsidize the purchase then the province should buy, buy

big and buy anything. This is exactly what Manitoba Housing did, in spite of the cautionary advice of some staff within the organization.

This attitude prevailed until the mid to late 1970s. A change in attitude was prompted by the withdrawal of federal monetary support for land banking and development. However, by that time a considerable portfolio had been acquired, both in Winnipeg and in many smaller centres throughout the province.

During this time period Manitoba Housing purchased in excess of 4,000 acres of land, approximately 3,500 around the City of Winnipeg and about 600 in centres outside of Winnipeg. Of the approximate 3,500 acres purchased around Winnipeg 3,300 acres still have not been utilized. The geographic distribution of this land is illustrated in Table 4.2 and Map 4.1. The Majority of the land is currently held in the Southwest Sector with between 400 and 500 acres in the Northwest and Southeast and just under 200 in the Northeast.

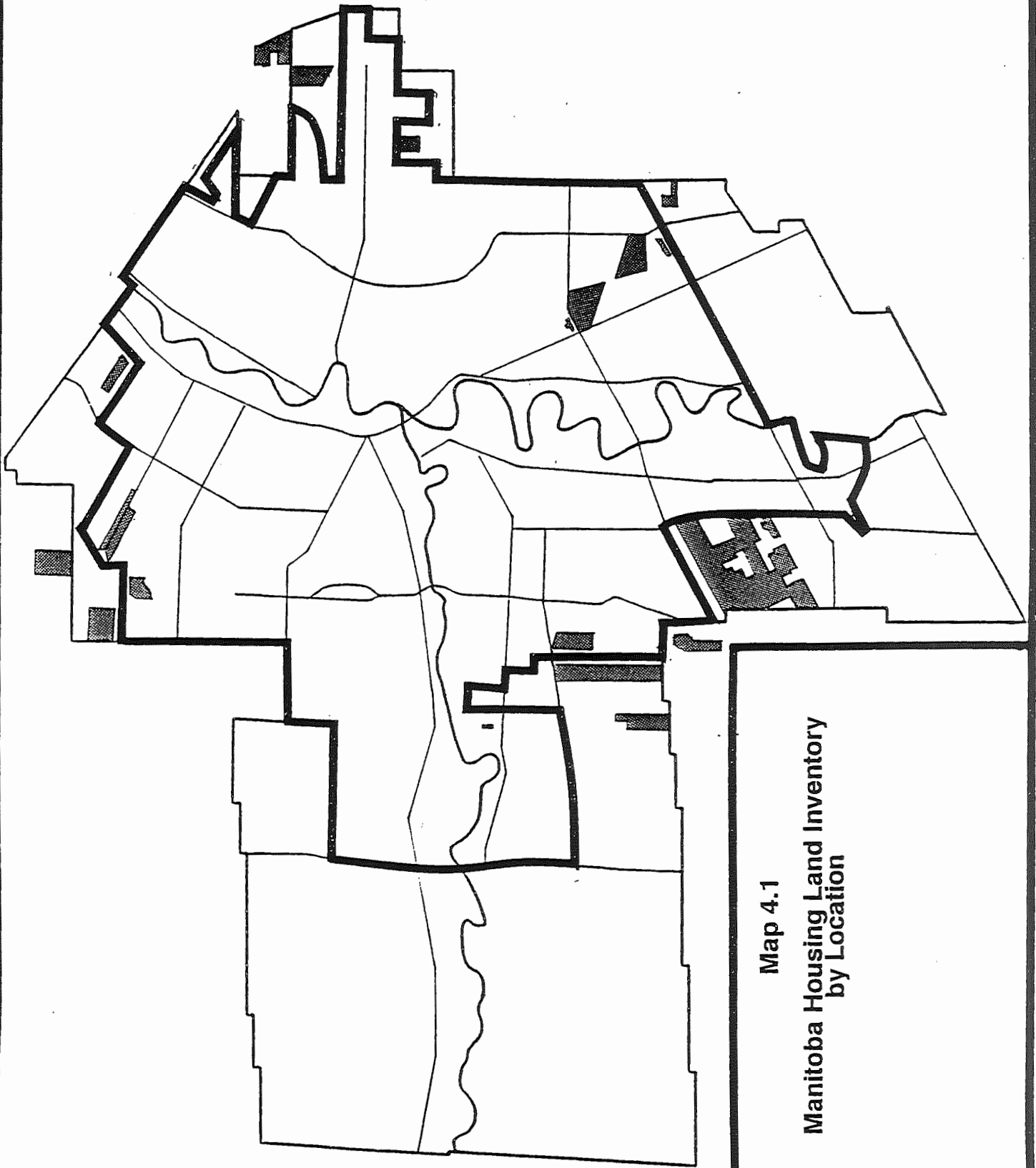
4.3.1 Land Banking and Land Price Increases in Winnipeg

Were the reasons the public used to justify its involvement in land actually supported by fact? If so, has the public, through its involvement in land, achieved the objectives associated with the rationale. A discussion centred on these two issues is relevant to the assessment of Manitoba Housing's current and future policy with respect to its land banking and development activities, particularly in Winnipeg.

There were many who suggested that the land price explosion was caused by "monopolistic developers" who withheld lots, fixed prices, rigged markets and took excessive profits thereby justifying a much broader public involvement. Others suggested government red tape involved in the planning and approval process strangled the production of new lots and inflated prices.

TABLE 4.2

MANITOBA HOUSING: LAND INVENTORY												
NAME	PARCEL SIZE (acres)	PURCHASE PRICE	DATA DATE	BOOK COST	VALUE DATE	APPRAISED VALUE PRICE DATE	DIFFERENCE APPRAISED-BOOK	URBAN LIMIT LINE STATUS	DESIGNATED LAND USE	TIME TO DEVELOPMENT	RECOMMENDATION	
<u>Northwest</u>												
Armstrong	58.68	205,929	74	615,653	3/85	760,000 8/84	144,347	Inside	Sub. Res.	8-10	Dispose	
Dieter	114.00	514,878	74	1,557,138	3/85	2,940,000 2/84	1,382,862	Inside	Indust.	3-5	Hold	
Findlay	100.00	135,000	74	446,268	3/85	800,000 8/84	353,732	Outside	Rural	20 plus	Dispose	
Halprin	52.34	144,003	74	416,834	3/85	300,000 8/84	(116,834)	Outside	Rural	20 plus	Dispose	
Robertson	119.69	150,000	73	430,913	3/85	300,000 8/84	(130,912)	Outside	Rural	20 plus	Dispose	
Subtotal	444.71	1,149,810	--	3,466,806	--	5,100,000 --	1,633,195	--	--	--	--	
<u>Northeast</u>												
Matheson	116.00	219,960	73	606,446	3/85	465,000 8/84	(141,446)	Outside	Indust.	20 plus	Dispose	
Schriner	30.12	59,976	73	163,962	3/85	225,600 8/84	61,638	Outside	Rural	10-15	Dispose	
Westwood	19.96	123,675	75	351,329	3/85	200,000 8/84	(151,329)	Outside	Rur. Res.	15-20	Dispose	
Subtotal	166.08	403,611	--	1,121,737	--	890,600 --	(231,137)	--	--	--	--	
<u>Southeast</u>												
Bruce Road	176.77	1,175,948	74	2,357,634	3/85	5,300,00 8/84	2,942,366	Inside	Sub. Res.	Immed.	Hold	
Budnik	50.73	40,990	73	116,455	3/85	127,500 8/84	11,045	Outside	Rural	20 plus	Dispose	
Fraipoint	244.00	720,719	74	2,118,602	3/85	1,952,000 2/84	(166,602)	Inside	Sub. Res.	5-10	(Hold)	
Sabray	18.10	36,736	73	102,719	3/85	144,000 8/84	41,281	Outside	Indust.	20 plus	Dispose	
St. Anne/Lavallee	4.63	120,937	75	349,931	3/85	320,000 8/84	(29,931)	Inside	Sub. Res.	Immed.	Hold	
Subtotal	494.23	2,095,330	--	5,045,341	--	7,843,500 --	2,798,159	--	--	--	--	
<u>Southwest</u>												
A and M	20.00	42,056	74	128,021	3/85	180,000 8/84	51,979	Outside	Rural	Medium	Hold	
Aljac	357.00	983,675	74	2,985,077	3/85	2,677,500 2/84	(307,577)	Outside	Rural	Medium	Hold	
Bate	422.00	1,329,300	74	3,948,034	3/85	4,642,000 2/84	693,966	Outside	Rural	Medium	Hold	
Demeyer Van	47.35	68,726	73	194,424	3/85	350,000 8/83	155,576	Inside	Indust.	15-20	Dispose	
Dewey	4.00	20,227	75	53,719	3/85	48,000 8/84	(5,719)	Outside	Rural	Medium	Hold	
Elias	86.70	273,546	74	772,080	3/85	1,080,000 8/84	307,920	Outside	Rural	Medium	Hold	
Gregorchuk	48.20	130,000	75	366,186	3/85	430,000 8/84	63,814	Outside	Rural	Medium	Hold	
Hooker Demeyer	133.06	125,465	73	393,213	3/85	865,000 8/84	471,787	Inside	Indust.	15-20	Dispose	
Kozak	180.33	189,346	73	504,265	3/85	400,000 8/84	(104,265)	Outside	Rural	20 plus	Dispose	
Lines Property	6.00	30,016	76	80,412	3/85	57,000 8/84	(23,412)	Outside	Rural	Medium	Hold	
Lomar	312.20	783,208	74	2,361,182	3/85	2,650,000 2/84	288,818	Outside	Rural	Medium	Hold	
McLean Parkin	5.01	40,000	71	155,714	3/85	150,000 8/84	(5,714)	Inside	Sub. Res.	Immed.	Hold	
Masson	12.60	48,787	74	146,868	3/85	215,000 8/84	68,132	Outside	Rural	Medium	Hold	
Tundra	376.80	1,401,207	76	3,501,244	3/85	3,202,800 2/84	(298,444)	Outside	Rural	20 plus	Dispose	
Youngwood	219.75	484,820	75	1,422,139	3/85	1,208,625 2/84	(213,514)	Outside	Rural	20 plus	Dispose	
Subtotal	2,231.00	5,950,379	--	17,012,578	--	18,155,925 --	1,143,347	--	--	--	--	
<u>Total</u>	<u>3,336.02</u>	<u>9,599,130</u>		<u>26,646,462</u>		<u>31,990,025</u>	<u>5,343,564</u>					



Map 4.1
Manitoba Housing Land Inventory
by Location

Although it is not the purpose of this report to discuss in detail the reasons for price escalation in land it is worth very briefly documenting contributing factors and the effectiveness of public banking and development in tempering land price escalation both nationally and in Winnipeg.

There is little evidence to support either the "monopolistic developer" or the "government red tape" theories in price escalation. Winnipeg, like most major metropolitan centres registered record high housing activity during the 70s (Table 4.3) when prices were escalating most rapidly. Developers produced large increases in lots and government, planners and municipalities permitted them to be produced.

TABLE 4.3

WINNIPEG HOUSING STARTS
1961-1985

<u>Period</u>	<u>Average Annual Starts</u>	<u>Percentage Change</u>
1961-65	3930	-
1966-70	5328	35.5
1971-75	7096	33.2
1976-80	5707	-19.6
1981-85	3429	-39.9

SOURCE: Canadian Housing Statistics.

A more realistic explanation of price increases suggests an extraordinary number of things happened which cumulatively stimulated demand and accordingly price increases

- . inflation escalated (Table 4.4) and incomes more than kept pace with inflation (Table 4.5).
- . the baby boom of the 40s and 50s resulted in a significant increase in household formation in the 70s (Table 4.6).
- . changes in tax regulations encouraged people to buy, occupy and sell homes reaping the benefits of capital gains that accrued because of rising prices.
- . changes in federal regulations regarding mortgages permitted very low downpayments (5%) and higher mortgages. This combined with less restrictive lending criteria opened the possibility of home ownership to many households that had been excluded in the past, further heating the already hot demand side of the demand/supply equation.
- . mortgage money was plentiful and nominal interest rates on mortgages rose less than inflation so mortgages became cheaper to pay for in real dollars.
- . decline in returns on alternative investments prompted more investment in housing.

All these factors combined at once to powerfully stimulate demand and impact prices cumulatively. Prices rose and expectations about future land and housing prices changed.

Land prices on single detached lots in Winnipeg did illustrate substantial escalation (Table 4.7):

- . prices rose over 400% between 1965 and 1980 compared to a national average of 372%.
- . prices rose more rapidly in Winnipeg than they did in Montreal and Halifax and at about the same rate as in Toronto.

TABLE 4.4

WINNIPEG INFLATION RATE
1970-1985

<u>Year</u>	<u>Inflation Rate</u>	<u>Year</u>	<u>Inflation Rate</u>
1970	3.2	1978	8.5
1971	1.3	1979	9.2
1972	3.8	1980	10.0
1973	6.4	1981	11.1
1974	10.7	1982	8.8
1975	13.5	1983	6.7
1976	8.6	1984	3.6
1977	8.0	1985	4.2

SOURCE: Statistics Canada.

TABLE 4.5

FAMILY INCOMES IN WINNIPEG
1973 - 1982

<u>Year</u>	<u>Average Family Income</u> \$	<u>Average Annual Change</u> %
1973	12,339	12.4
1975	16,379	16.5
1977	20,271	8.0
1979	23,510	12.5
1981	29,384	12.5

SOURCE: Statistics Canada, Cat. #13-206 and 13-207.

TABLE 4.6
PERCENTAGE CHANGE IN FAMILY AND NON-FAMILY HOUSEHOLDS
1961 - 1981

WINNIPEG METROPOLITAN AREA

<u>Period</u>	<u>Family</u> %	<u>Non-Family</u> %
1961-66	7.2	40.7
1966-71	9.6	46.2
1971-76	10.7	45.8
1976-81	4.3	25.9

SOURCE: Statistics Canada.

TABLE 4.7

LAND PRICE INCREASES FOR SINGLE DETACHED LOTS
1965 - 1980: SELECTED CITIES

Year	Halifax		Montreal		Toronto		Winnipeg		Regina		Saskatoon		Edmonton		Calgary		Vancouver		Canada	
	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change	Price	Change
1965	2018		2455		5777		3241		1973		1998		3541		3071		3516		3095	
1970	4755	136	2220	-10	10,639	84	4584	41	2625	33	2938	47	5885	66	5192	69	7094	102	4191	35
1975	6525	37	2709	22	24,377	129	13,306	190	5733	118	5432	85	13,118	123	13,169	154	21,957	210	7246	73
1980	9089	39	6565	142	31,716	30	16,265	22	14,559	154	14,948	175	31,728	142	29,931	127	30,133	37	14,606	102
1965- 1980	7071	350	4110	167	25,939	449	13,024	402	12,586	673	12,950	648	28,187	796	26,860	874	26,617	757	11,511	372

SOURCE: Canadian Housing Statistics.

TABLE 4.8

PERCENTAGE INCREASE IN LAND COMPONENT OF NEW HOUSE PRICES
(1978-1985): SELECTED METRO AREAS

<u>Year</u>	<u>Canada</u>	<u>Montreal</u>	<u>Toronto</u>	<u>Winnipeg</u>	<u>Regina</u>	<u>Saskatoon</u>	<u>Edmonton</u>	<u>Calgary</u>	<u>Vancouver</u>
1978									
1979	4.9	7.9	0.9	3.7	4.3	12.8	12.1	8.8	1.9
1980	8.1	7.0	1.2	0.9	0.7	8.5	9.4	9.9	31.4
1981	11.2	10.3	2.5	1.3	8.5	7.2	3.5	5.8	51.1
1982	-2.4	7.6	-1.5	9.5	8.9	2.4	-1.0	1.7	-22.0
1983	-4.6	17.3	-2.1	9.1	6.1	2.1	-16.5	-3.3	-13.3
1984	0.3	14.6	0.8	6.0	12.0	1.6	-7.2	-3.9	-0.5
1985	1.3	7.1	0.9	7.1	4.1	8.9	-5.3	3.3	-4.1
1980-85	13.9	63.9	1.8	33.9	40.3	30.7	-5.0	13.5	44.5

SOURCE: Canadian Housing Statistics.

- . price increases in Calgary and Vancouver were much higher than in Winnipeg and were also higher in Regina, Saskatoon and Edmonton where there was extensive involvement in public land banking and development particularly in Regina and Saskatoon.
- . the most pronounced escalation in prices in Winnipeg occurred in the '70 to '75 period, an increase of almost 200%. Price increases were much lower in the '75 to '80 period but over the period as a whole still outstripped increases in general inflation.
- . work undertaken during the preparation of the Greenspan Report also indicated that the picture did not change even if lot size was held constant.
- . price increases continued in the 1980s as the land component of the new house price index increased 34% in Winnipeg in the '80-'85 period, much more rapidly than the Canadian average of 14% (Table 4.8).
- . also during the 80s increases in Winnipeg were higher than Toronto, Edmonton, Calgary, and Saskatoon and lower than Montreal, Regina, and Vancouver. Again Regina, with a substantial public land initiative had one of the highest rates of increase and Saskatoon was well above the Canadian average.

How did land banking and development activities fit into this scenario? The provincial government undertook an extensive land purchase program in Winnipeg in the 70s but it was not a moderating factor during price escalation in the 70s because the first lots were not developed and sold until the early 1980s.

Public initiative in Winnipeg, instead, probably led to an increase in prices during the early 70s because in 1972 the government of Manitoba combined the municipalities in the Winnipeg area into Unicity which in that particular year virtually stopped subdivision approvals. At the same time, Winnipeg itself imposed higher servicing standards and new policies against sprawl. Therefore, right at the beginning of the period of most intense demand the provincial and municipal governments combined to tighten supply.

This, no doubt, had an effect on the significant increases in lot prices in the '70 to '75 period.

Although public lots were made available in Winnipeg in the early 1980s, price escalation continued and was in fact higher during the early 80s than in most other major metropolitan centres except perhaps Montreal and Regina. Developers interviewed in Winnipeg did suggest that the availability of public lots in Meadows West in the early 80s did locally effect prices at that time. Developers competing in that particular area of the City did have to lower their per front foot price but all developers interviewed felt that it did not have an effect on City prices as a whole. They also indicated that if the economy had been more buoyant (Winnipeg was in the grips of recession at the time) then the effect of public marketing, even in a localized area of the City would have been negligible. Land has to be available in several strategically placed consumer demand areas with development and sales timed to respond to demand before it effects price levels. The Winnipeg experience did not meet these requirements.

4.3.2 The Non Economic Rationale for Land Banking: The Winnipeg Experience

There are other aspects of the public involvement in land that have not been assessed in the discussion to this point. Specifically, these include the provision of a land base for social housing, providing lots to small non-integrated builders as well as families or individuals, and using land to support general economic development and job creation via housing programs.

Manitoba Housing's activity in this respect has generally been received very positively. When public land has been made available lots have been provided to small builders and individuals. Nearly all those interviewed, including the large builders and developers spoke favorably of such an initiative. It should be pointed out, however, that the larger developers also make lots available to both groups, two of the larger developers stated they felt they had an obligation to do so. Also,

Manitoba Housing has placed so little of its land on the market that most small builders and individuals have, over the long term, had to depend on the larger developers. The small builders interviewed spoke positively about Manitoba Housing's initiative in this area but they also admitted they were able to purchase land without any great difficulty from most, although not all, of the major developers in the City. They felt the public should be involved in the sale of lots when demand is high. In periods of high demand they indicated that the small builder (as well as the individual) is quickly bid out by larger builders and integrated builders/developers use all their own land. They did not, however, foresee demand creating such a problem in the near future.

Those interviewed, again including builders and, to a lesser extent, developers, spoke positively regarding Manitoba Housing's co-ordination of its land program with the Homes In Manitoba Program. Lots were available to help facilitate housing starts which in turn stimulated employment. Again, however, it was pointed out that this program happened to coincide with a point at which Manitoba Housing had land available. Given the nature of Manitoba housing's holdings and the infrequency with which parcels reach the market place it might be hard to repeat this success.

Land has been provided for social housing, but again, because of the small amount of land developed, use of public land for social housing has been limited. However, suburban land does not necessarily provide the most appropriate location for many social housing residents, an opinion that was confirmed by nearly all government and private officials interviewed.

4.4 Summary

In summary, the existence of a public land bank in Winnipeg has had little if any effect on land price escalation because:

- . no public land was placed on the market in the 70s when prices were escalating most rapidly;

. even when lots were marketed in the early 80s land prices rose faster than in many other Metropolitan centres.

With respect to issues that are not so closely associated with influencing the price and supply of land, Manitoba Housing's use of its suburban land holdings has been considered positive and successful. Because of the limited amount of land placed on the market the impact has, however, been small.

On a national basis there is also no overwhelming evidence to suggest that public initiative in banking and development had a significant effect on moderating price increases. Regina, Saskatoon and Edmonton all had operative banking and development programs during this period but in spite of this prices rose significantly. Granted price levels are lower in Regina and Saskatoon making housing more affordable but they are just as low in Halifax, lower in Montreal and only slightly higher in Winnipeg, cities in which public banking and development was not an element in the market.

Nationally and locally, it seems obvious that various economic and demographic forces, perhaps combined with higher standards, negated any effect that public initiative may have had. One of course cannot say with certainty how much prices would have increased had the public initiative not been there in some situations but many centres without public initiative appear to have fared no worse.

5.0 THE CURRENT SUPPLY OF LAND IN WINNIPEG

The current supply of developable land in Winnipeg is substantial. Based on development applications submitted to the City which are in various stages of the land approval pipeline there is sufficient land available to accommodate 22,000 housing starts (Table 5.1). Land for approximately 65% of this activity (14,156 dwelling units) has received third reading by Council or, in effect, final approval, and building has already started on many of the parcels in this category. The figures in Table represent the remaining inventory in this category. Land for an additional 7800 units has received approval in principle from Council and land for another 102 units has been submitted to the City but had not been presented to Council for approval as of January 1, 1987.

This amount of land represents a four to five year supply. Realistically, not all this developable land will proceed to the point where it accommodates housing units. Some consists of very small parcels in built up areas where development may not proceed, and some parcels in suburban areas may eventually end up as non residential uses or be in areas that are unattractive to the market. However, it is not unreasonable to expect that up to 85% of this land will be developed and given projected demand over the next few years this could represent a four year supply. Single family units represent just over 50% of the planned activity and approximately 40% is projected as higher density apartment development. The planned apartment activity may overstate demand so it is possible that some of the land slated for higher density development may be switched to lower density uses.

Approximately 36% of the projected activity is in the South East Sector, another 27% in the South West, most of this in the Fort Garry area. Projected activity is lower in East and West Kildonan and there is virtually no projected activity in the St. James Assiniboia areas.

TABLE 5.1

POTENTIAL DWELLING UNITS BY STAGE IN THE DEVELOPMENT
PROCESS BY COMMUNITY COMMITTEE AREA.

January 1, 1987

Community Committee Area	Potential Dwelling Units					
	Single	Semi	Row	Apt	Total	%
1. East Kildonan/Transcona						
a. Prior to Council Approval	27	32	10	30	99	
b. Council Approval In Principle	103	0	0	56	159	
c. Received Third Reading	1125	0	0	1536	2661	
Sub Total	1255	32	10	1622	2919	13
2. Assiniboine/Fort Garry						
a. Prior to Council Approval	3	0	0	0	3	
b. Council Approved In Principle	1260	46	43	484	1833	
c. Received Third Reading	2417	0	287	1449	4153	
Sub Total	3680	46	330	1933	5989	27
3. Lord Selkirk/West Kildonan						
b. Council Approval In Principle	301	18	51	833	1203	
c. Received Third Reading	1227	178	281	1859	3545	
Sub Total	1528	196	332	2692	4748	21
4. St. Boniface/St. Vital						
b. Council Approval In Principle	3299	0	64	1225	4588	
c. Received Third Reading	1656	68	239	1478	3441	
Sub Total	4955	68	303	2703	8029	36
5. St. James Assiniboia						
c. Received Third Reading	46	0	0	310	356	2
6. TOTALS						
a. Prior to Council Approval	30	32	10	30	102	1
b. Council Approval In Principle	4963	64	158	2598	7783	35
c. Received Third Reading	6471	246	807	6632	14156	64
GRAND TOTAL	11464	342	975	9260	22041	100

SOURCE: Environmental Planning Branch: City of Winnipeg.

Table 5.2 indicates the approximate location of the projected activity. Not surprisingly, over 20,000 of the anticipated units or 93% of the total are in emerging suburban areas. A limited amount of activity is anticipated in existing built up neighbourhoods, most of it higher density development. Very little activity is projected for the Core Area. IUS conducted an additional survey of City owned property that could be utilized for residential development, but is not listed in the statistics in Table 5.2. Again, the conclusion is the same. Very little land suitable for residential purposes remains. The City indicated that Manitoba Housing had already utilized most quality residential properties. What remains is generally property that is next to incompatible uses or lots of a size and shape that make them difficult to develop.

Analysis was also undertaken to determine how this projected activity is distributed amongst the various developers in the City. Projected activity by the top eight developers is illustrated in Table 5.3. Just over 70% of the projected activity is controlled by eight firms. Four major developers, Qualico, Metropolitan Properties, Genstar and Ladco control close to 60% of the activity. Cairns will also be a major player in the market place over the next few years. Close to 30% of the projected development activity is controlled by a vast number of smaller firms.

In summary, the figures suggest that there is no shortage of developable land in the short term in suburban Winnipeg. As well, the development industry is dominated by a few major players but there is not the degree of concentration that suggest a monopoly situation. The top four in the industry control roughly the same amount of land when short term or property likely to be developed over the next few years is considered. As well, there are numerous smaller players in the market place that, as one developer stated, effectively take advantage of opportunities in the market place and help keep larger developers honest. Manitoba Housing more appropriately falls into this category. It is certainly not a major player and as subsequent discussions will indicate

TABLE 5.2

POTENTIAL DWELLING UNITS BY LOCATION IN THE CITY
January 1, 1987

LOCATION	Type of Unit				Total
	Single	Semi	Row	Apt	
Suburban	10,965	284	968	8279	20,496
Other Built Up Areas	466	34	4	888	1392
Core Area	33	24	3	93	153
TOTAL	11,464	342	975	9260	22,041

SOURCE: Environmental Planning Branch: City of Winnipeg.

TABLE 5.3

POTENTIAL DWELLING UNITS BY MAJOR DEVELOPERS

January 1, 1987

Developers:	Potential Dwelling Units					
	Single	Semi	Row	Apt	Total	%
1. Qualico Developments Ltd.	2694	-	179	937	3810	17
2. Metropolitan/NovaMet	1554	132	211	1638	3535	16
3. Genstar Construction/BACM	1460	32	97	1764	3353	15
4. Ladco	1681	42	200	272	2195	10
5. Cairns Homes Ltd.	1371	-	-	-	1371	6
6. Osland Properties Ltd.	237	-	-	574	811	4
7. Imperial Developments Ltd.	88	18	9	374	489	2
8. MHRC	104	-	40	204	348	2
Sub Total	9189	224	736	5763	15,912	72
%	80	65	75	62		
Others	2275	118	239	3497	6129	28
%	20	35	25	38		
TOTAL ACTIVITY	11,464	342	975	9260	22,041	100

SOURCE: City of Winnipeg
Calculations by IUS.

its property is not well placed to effectively play the role of a major player in the market. Nevertheless, competition is likely to remain very much part of the market place.

In the inner city, however, there is a shortage of land to support good quality residential development. Those lots that remain are in the less desirable areas or their size and shape make them difficult to develop.

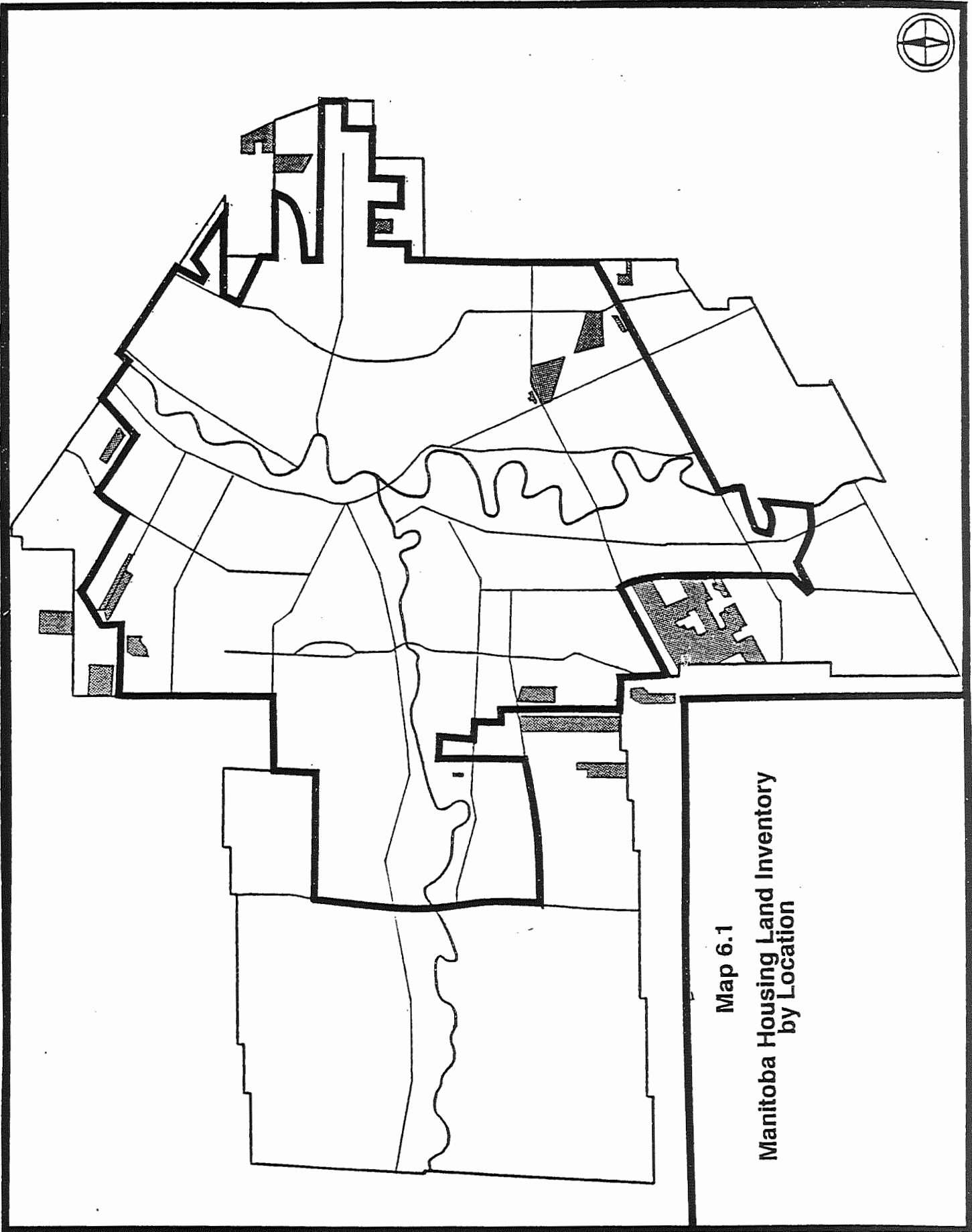
6.0 EVALUATION OF THE CURRENT SUBURBAN INVENTORY

6.1 Introduction

The discussion of market trends, the public rationale for involvement in land, Manitoba Housing's past performance and operations related to suburban land holdings, the ideas and opinions of the variety of people interviewed and an analysis of the current supply of land provides the necessary background for an assessment of current suburban land holdings (Map 6.1 and Table 6.1) in the City of Winnipeg. This assessment will include an evaluation of marketability of the property and a recommendation on whether Manitoba Housing should maintain the property as part of the land portfolio. The assessment will be organized on the basis of sectors of the City - Northwest, Northeast, Southeast and Southwest. Where necessary, reference will be made to individual parcels.

Before beginning this assessment, it is worth stating some basic parameters and trends that have been discussed that will have an overriding influence on Manitoba Housing's future role with respect to suburban land holding and development.

- . housing requirements will decline significantly over the next ten to fifteen years reducing the pressure on suburban development.
- . first time buyers, those most likely to have affordability problems, will constitute a declining share of the market over the next fifteen years. Move up buyers with equity will be the major force in the market place.
- . an effective public role is only possible if public parcels are available in a variety of market areas encompassing a range of market prices.
- . public land must be positioned so that it is always available as opposed to parcels reaching the market on an irregular basis and as a result having no effective impact on general price levels.
- . there is no strong evidence to suggest that there will be a shortage of residential land over the



Map 6.1
Manitoba Housing Land Inventory
by Location

TABLE 6.1

MANITOBA HOUSING: LAND INVENTORY

NAME	PARCEL SIZE (acres)	PURCHASE PRICE	DATA DATE	BOOK COST	VALUE DATE	APPRAISED PRICE	VALUE DATE	DIFFERENCE APPRAISED-BOOK	URBAN LIMIT LINE STATUS	DESIGNATED LAND USE	TIME TO DEVELOPMENT	RECOMMENDATION
<u>Northwest</u>												
Armstrong	58.68	205,929	74	615,653	3/85	760,000	8/84	144,347	Inside	Sub. Res.	8-10	Dispose
Dieter	114.00	514,878	74	1,557,138	3/85	2,940,000	2/84	1,382,862	Inside	Indust.	3-5	Hold
Findlay	100.00	135,000	74	446,268	3/85	800,000	8/84	353,732	Outside	Rural	20 plus	Dispose
Halprin	52.34	144,003	74	416,834	3/85	300,000	8/84	(116,834)	Outside	Rural	20 plus	Dispose
Robertson	119.69	150,000	73	430,913	3/85	300,000	8/84	(130,912)	Outside	Rural	20 plus	Dispose
Subtotal	444.71	1,149,810	--	3,466,806	--	5,100,000	--	1,633,195	--	--	--	--
<u>Northeast</u>												
Matheson	116.00	219,960	73	606,446	3/85	465,000	8/84	(141,446)	Outside	Indust.	20 plus	Dispose
Schriner	30.12	59,976	73	163,962	3/85	225,600	8/84	61,638	Outside	Rural	10-15	Dispose
Westwood	19.96	123,675	75	351,329	3/85	200,000	8/84	(151,329)	Outside	Rur. Res.	15-20	Dispose
Subtotal	166.08	403,611	--	1,121,737	--	890,600	--	(231,137)	--	--	--	--
<u>Southeast</u>												
Bruce Road	176.77	1,175,948	74	2,357,634	3/85	5,300,000	8/84	2,942,366	Inside	Sub. Res.	Immed.	Hold
Budnik	50.73	40,990	73	116,455	3/85	127,500	8/84	11,045	Outside	Rural	20 plus	Dispose
Fraipoint	244.00	720,719	74	2,118,602	3/85	1,952,000	2/84	(166,602)	Inside	Sub. Res.	5-10	(Hold)
Sabray	18.10	36,736	73	102,719	3/85	144,000	8/84	41,281	Outside	Indust.	20 plus	Dispose
St. Anne/Lavallee	4.63	120,937	75	349,931	3/85	320,000	8/84	(29,931)	Inside	Sub. Res.	Immed.	Hold
Subtotal	494.23	2,095,330	--	5,045,341	--	7,843,500	--	2,798,159	--	--	--	--
<u>Southwest</u>												
A and M	20.00	42,056	74	128,021	3/85	180,000	8/84	51,979	Outside	Rural	Medium	Hold
Aljac	357.00	983,675	74	2,985,077	3/85	2,677,500	2/84	(307,577)	Outside	Rural	Medium	Hold
Bate	422.00	1,329,300	74	3,948,034	3/85	4,642,000	2/84	693,966	Outside	Rural	Medium	Hold
Demeyer Van	47.35	68,726	73	194,424	3/85	350,000	8/83	155,576	Inside	Indust.	15-20	Dispose
Dewey	4.00	20,227	75	53,719	3/85	48,000	8/84	(5,719)	Outside	Rural	Medium	Hold
Elias	86.70	273,546	74	772,080	3/85	1,080,000	8/84	307,920	Outside	Rural	Medium	Hold
Gregorchuk	48.20	130,000	75	366,186	3/85	430,000	8/84	63,814	Outside	Rural	Medium	Hold
Hooker Demeyer	133.06	125,465	73	393,213	3/85	865,000	8/84	471,787	Inside	Indust.	15-20	Dispose
Kozak	180.33	189,346	73	504,265	3/85	400,000	8/84	(104,265)	Outside	Rural	20 plus	Dispose
Lines Property	6.00	30,016	76	80,412	3/85	57,000	8/84	(23,412)	Outside	Rural	Medium	Hold
Lomar	312.20	783,208	74	2,361,182	3/85	2,650,000	2/84	288,818	Outside	Rural	Medium	Hold
McLean Parkin	5.01	40,000	71	155,714	3/85	150,000	8/84	(5,714)	Inside	Sub. Res.	Immed.	Hold
Masson	12.60	48,787	74	146,868	3/85	215,000	8/84	68,132	Outside	Rural	Medium	Hold
Tundra	376.80	1,401,207	76	3,501,244	3/85	3,202,800	2/84	(298,444)	Outside	Rural	20 plus	Dispose
Youngwood	219.75	484,820	75	1,422,139	3/85	1,208,625	2/84	(213,514)	Outside	Rural	20 plus	Dispose
Subtotal	2,231.00	5,950,379	--	17,012,578	--	18,155,925	--	1,143,347	--	--	--	--
<u>Total</u>	<u>3,336.02</u>	<u>9,599,130</u>		<u>26,646,462</u>		<u>31,990,025</u>		<u>5,343,564</u>				

next fifteen years. Short term restrictions in market supply may occur but plenty of land is available to accommodate long term needs.

- . there is no strong evidence to suggest that any one developer or group of developers will gain a monopoly situation in the market place.
- . providing public land at moderate prices in the suburban areas (if this, in fact, could be effected) would only serve to increase suburban development at the expense of channelling more activity and public expenditures to the inner city.

6.2 Land Inventory

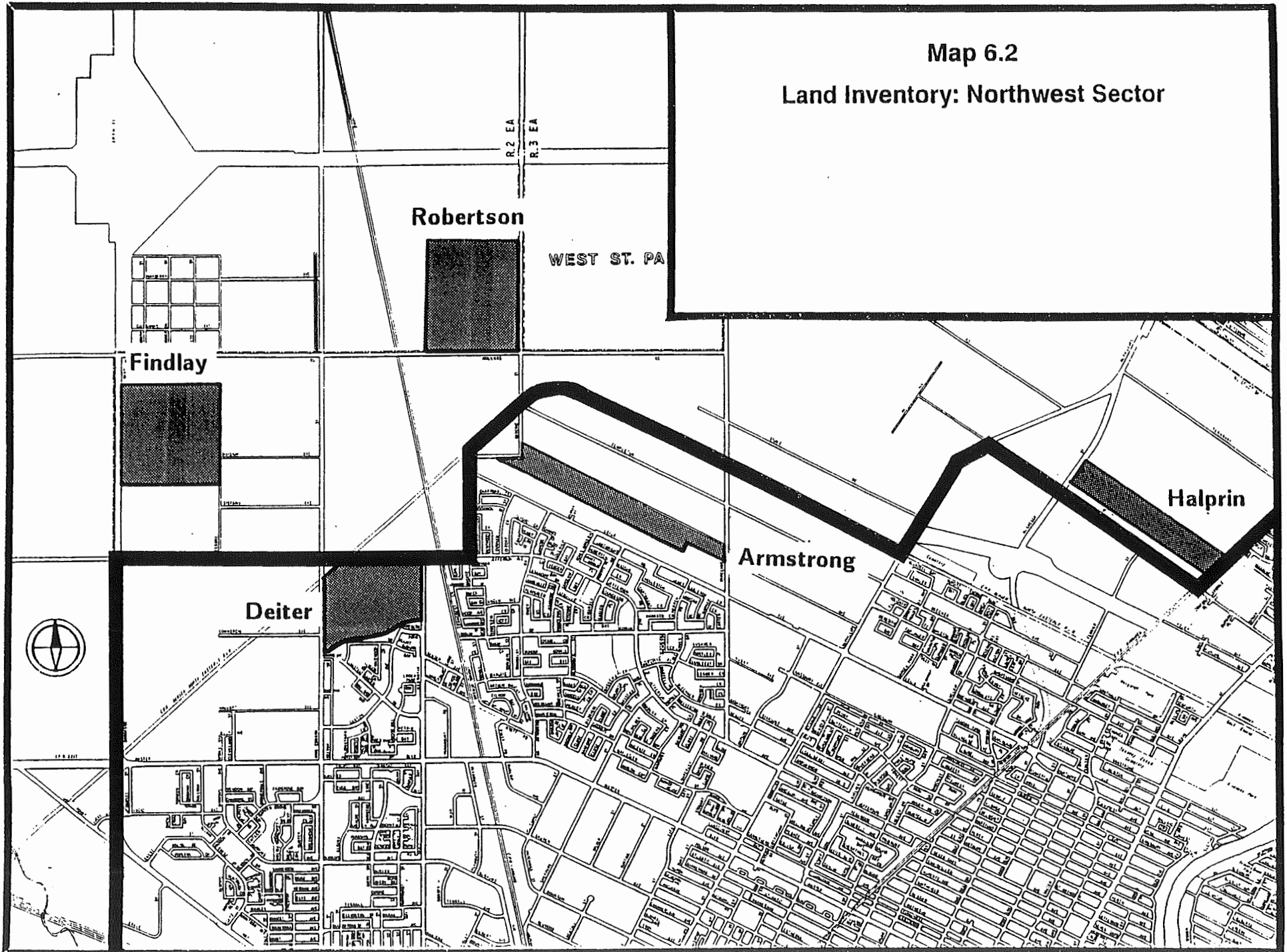
6.2.1 Northwest

Manitoba currently holds five parcels in the Northwest (Table 6.1, Map 6.2) consisting of a total of 445 acres. All these properties were purchased in 1973 and 1974 at a total cost of \$1,149,810. The 1985 total book value was \$3,466,806 and the most recent ('84) appraised value is \$5,100,000. Only two of these properties, Armstrong and Dieter, are inside the urban limit line. Armstrong is eight to ten years from development but Dieter is much closer. The three properties outside the urban limit line are at least twenty years from development. In fact, they could be even further, depending on what direction City growth is concentrated over the next ten to fifteen years.

The choice seems obvious in the case of the Northwest. The Findlay, Halprin and Robertson properties should be sold. Given the difference between appraised and book value these sales may actually result in a loss which will have to be written off but the longer these properties are held, the larger this loss is likely to be.

With respect to the Armstrong property, this area is probably at least eight years from development. As well, there are several other factors that work against the future development of this property.

Map 6.2
Land Inventory: Northwest Sector



- . given the area of the City, it is likely to cater to the more moderate end of the market including starter homes. The demand for starter homes is declining which may delay the development of this area even further.
- . move up buyers will be the larger share of the market in the future and this segment of the market is expected to be concentrated in the Southeast and Southwest. This too may delay development in this area.
- . the size and shape of the parcel may require other purchases to consolidate a suitable piece of property, or at least co-ordination with other owners/developers in the area. This could add additional time and expense.

Given the time frame and those associated factors Manitoba Housing may be well advised to dispose of this property as well. Particularly in light of the increased emphasis Manitoba Housing will have to place on the inner city.

The situation with respect to the Dieter property is not nearly as clear. The Dieter property is located in Meadows West immediately north of the existing Meadows West Development (Map 6.2) and the City has incorporated this area in its planned future growth areas (see Map 3.1). The area is one that could be expected to cater to the lower more moderate end of the market and like the Armstrong property it could fill a demand for starter homes which is, and will be, a declining market segment. However, this market has remained stronger than expected in Winnipeg. In 1986, 46% of all home buyers were in the 20 to 29 age group in Winnipeg. Winnipeg had the highest percentage of young buyers in the nation. The percentage of first time buyers (most of them in the 20-29 age group) in Winnipeg was approximately 40%, compared to the national average of 37%. The young first time buyers market is still quite buoyant in Winnipeg and is expected to continue relatively strong over the short term (one to two years). Therefore, if the Dieter property reaches the market in the next eighteen months, it should be possible to successfully market it over the subsequent three to four years. With the escalation in housing prices over

the last two years, the property could represent a more moderate priced option that many more moderate income buyers would find attractive. If the property does not reach the market within eighteen months then it will have missed the appropriate "market window".

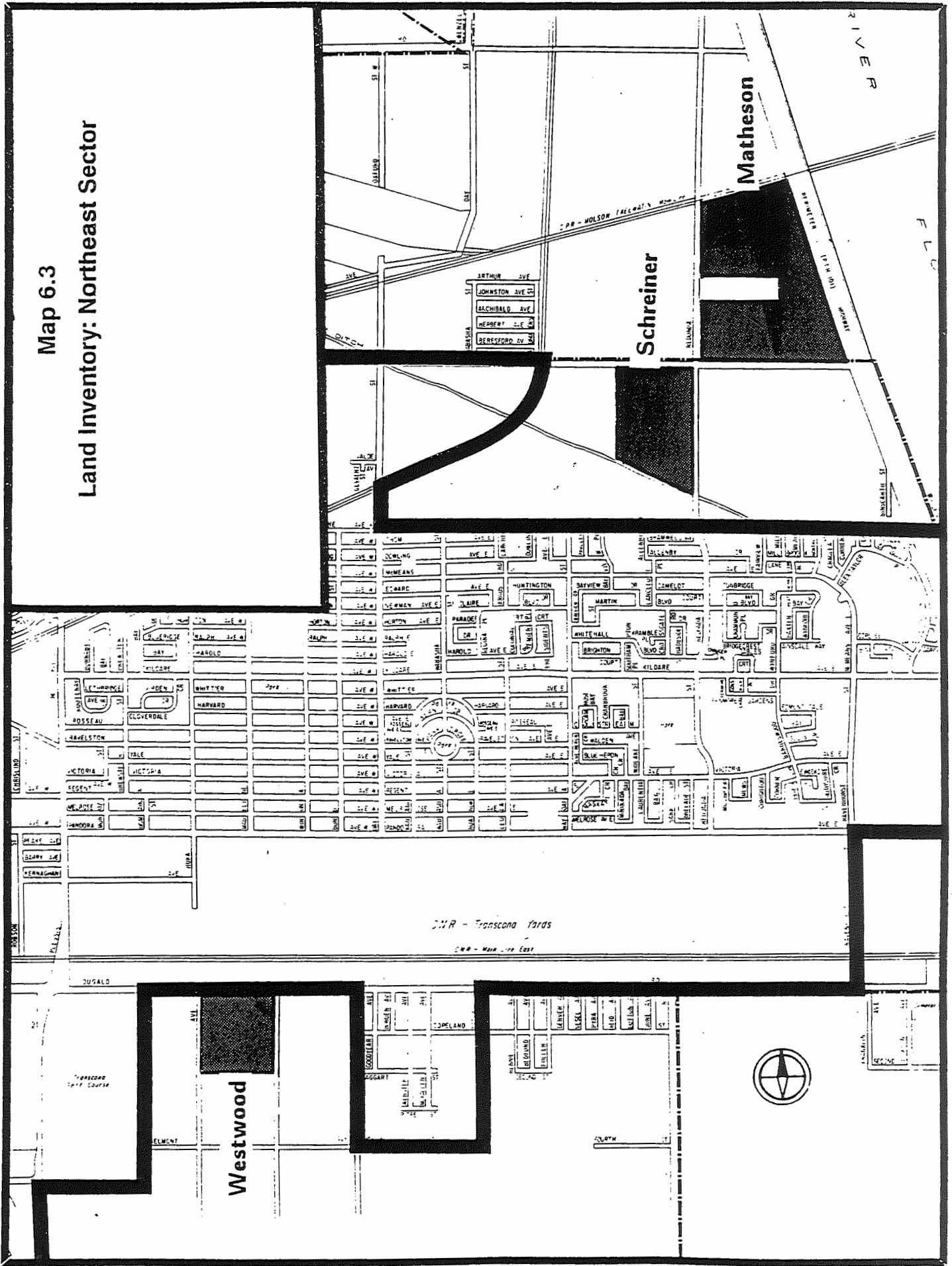
Should Manitoba Housing develop the land or should it be sold to the private sector? IUS recommends that it be sold to the private sector for development purposes because:

- . there is a risk in developing the Dieter property. The "market window" is very narrow. It may be advisable to let the private market take the risk;
- . Manitoba Housing's time frame for bringing property to the market has been longer than the private sector (according to most officials interviewed). This may also limit the ability to market the property within the "market window".
- . in addition, in discussions to follow, IUS will be recommending that Manitoba Housing withdraw entirely from suburban land activity for a variety of reasons. The fact that Manitoba Housing has very few parcels that can be used to impact the market over the next few years is one such reason. The Dieter property alone, or even in conjunction with the Bruce property, will not impact the market significantly and there are few properties that can be used to sustain Manitoba Housing's presence. As a result, the utility of a public agency developing Dieter is questionable.

6.2.2 Northeast

The situation in the northeast sector is much more clear cut. Manitoba Housing currently holds three parcels (Matheson, Schriener and Westwood) totalling 166 acres (Table 6.1, Map 6.3). All three are outside the urban limit line and all three are most likely 15-20 years from development. The Matheson property is in the Kildonan industrial corridor and if it is developed in the future will likely be used for industrial purposes. The Schriener property which is north and west of Canterbury park is illustrated as an expected future growth area (Map 3.1) by the City

Map 6.3 Land Inventory: Northeast Sector



Westwood



DNR - Transcona Yards
DNR - Main St East

but it is unlikely that development will occur in this area for at least ten to fifteen years. The Westwood property which is south of the Transcona Yards is zoned for large lot development which is not a priority market for Manitoba Housing and it is also fifteen to twenty years from development, particularly if it were re-zoned for small lot purposes. On this basis IUS recommends that all three parcels be sold. Given most recent book and appraised values Manitoba Housing may be in a loss position following the sale but holding the property longer would likely only result in even heavier losses.

6.2.3 Southeast

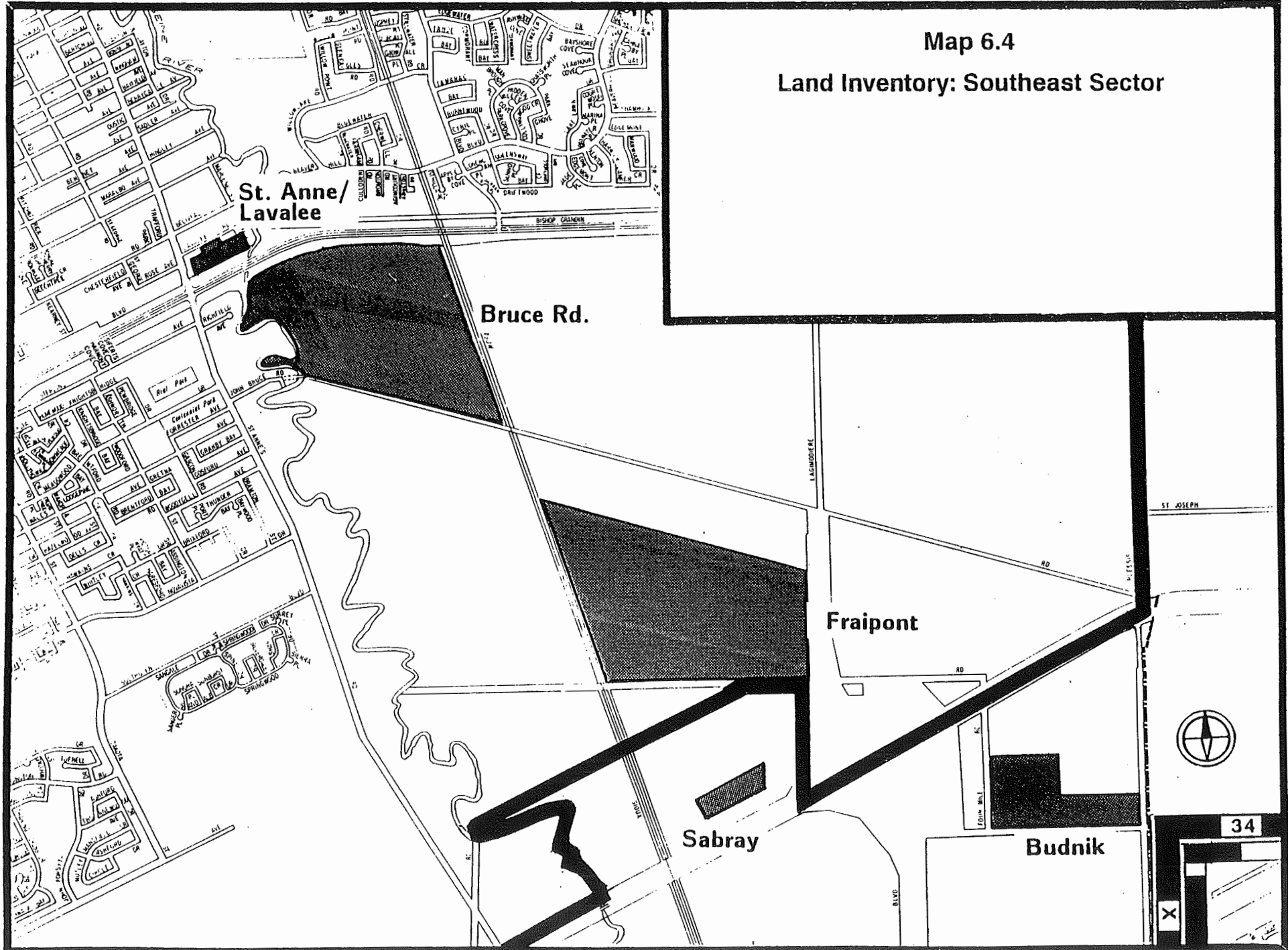
Manitoba Housing currently holds five properties in the Southeast totalling 494 acres (Map 6.4, Table 6.1). Two of these properties, Budnik (50.7 acres) and Sabray (18.1 acres) are outside the urban limit line, and at least 20 years from development. In the City's long term plan Sabray is designated industrial for uses that do not require City sewer and water and Budnik's designated use is rural. Neither property represents a medium or even a long term residential option and IUS recommends that these two properties be sold as soon as possible even though the price may not match or exceed current book values.

The St. Anne/Lavallee parcel (4.6 acres), located immediately north of Bishop Grandin Boulevard provides an immediate option for higher density residential development. However, unless Manitoba Housing has a social housing option for this particular parcel then IUS recommends that it be sold at the first opportunity. This property could be offered to private developers interested in building under the rental start program.

The Bruce Road (176.7 acres) and the Fraipoint parcel (244 acres), which is immediately south of the Bruce Road property (Map 6.4, Table 6.1) are both inside the urban limit line. Fraipoint is likely within three years of development as there appears to be little doubt that City growth will extend in this area. Bruce Road is marketable immediately. Given this time frame the necessary work to place these properties on the market

Map 6.4

Land Inventory: Southeast Sector



in a fashion that is timely and promotes orderly development in the area should begin immediately. The question is, should this be accomplished through direct involvement by Manitoba housing in development or should the properties be sold to private developers and/or builders?

The properties are likely to cater to homes priced at mid range or better i.e. certainly not the lower end or starter home part of the market but much lower than more expensive areas such as Linden Woods. Both properties, if appropriately priced and developed over the next few years, could marginally affect the price range of lots, but only in the immediate area. Lot prices have risen substantially in this area over the past eighteen months and local developers suggest that price increases are only partially attributable to increased servicing and acreage charges. Higher demand has had an effect on the pricing structure. However, Manitoba Housing need not develop the land to affect prices. Ensuring the land is available to the market increasing supply in the area should help maintain prices at reasonable market rates. Adding lots in these two parcels to the market will certainly maintain a reasonable supply/demand relationship which will ensure reasonable prices, particularly as demand is expected to decline over the next few years.

Manitoba Housing could develop and sell the property directly, and perhaps at lower per front foot prices but it would not be providing benefits to the clientele most likely to need public assistance through land or other subsidy mechanisms - this is not really a starter home area and first time buyers are a declining portion of the market. In addition, there are builders that cater to first time buyers in a responsible manner. If Manitoba Housing did develop and sell lots at prices lower than prevailing market rates in these two areas it may only create windfall gains for first purchasers who could reap the benefits of full market values upon resale.

In addition, Manitoba Housing involvement in this substantial suburban extension appears in many respects to contradict overall government policy related to efforts to direct more activity toward the inner city and

general confinement of sprawl. As well, the rationale for recommending the disposal of the Dieter property also applies to the Bruce Road and Fraipoint properties.

Given the rationale outlined above IUS recommends that both the Bruce Road and Fraipoint properties be sold to private interests as soon as possible. It is important that these properties reach the market place quickly to maintain an adequate supply/demand relationship in South St. Boniface and ensure reasonable lot prices in the area.

6.2.4 Southwest

Manitoba Housing owns property in three general areas of the southwest part of the City. Fort Garry, the Wilkes Avenue/Whyte Ridge area and a small parcel in Charleswood. Each of these areas shall be discussed separately.

Charleswood

The Charleswood property, McLean Parkin is very small (5.01 acres) and is currently surrounded by residential development characteristic of aging suburbia. It could be developed immediately although considerable land fill is necessary on certain parts of the site. Given the size of the site, a multi-family or higher density institutional use such as a seniors' housing or a nursing home complex would be among the possible uses. Any residential/institutional use would, however, require re-zoning and this may be difficult to obtain from the City who appear to view the site as best used for passive or active recreational purposes or perhaps an extension to the Assiniboine Park Forest, although this does not seem particularly appropriate as they are by no means contiguous.

Given the suburban nature of the site Manitoba Housing should not develop this as a multi-family social housing site and it is really too small to justify single family development even if the City were to approve a zoning change. Unless Manitoba Housing can sell the property to private or non-profit interests for development of senior housing or a similar use

the other option may be sale or exchange with the City for other inner city properties. Regardless of the ultimate use Manitoba Housing should dispose of the property.

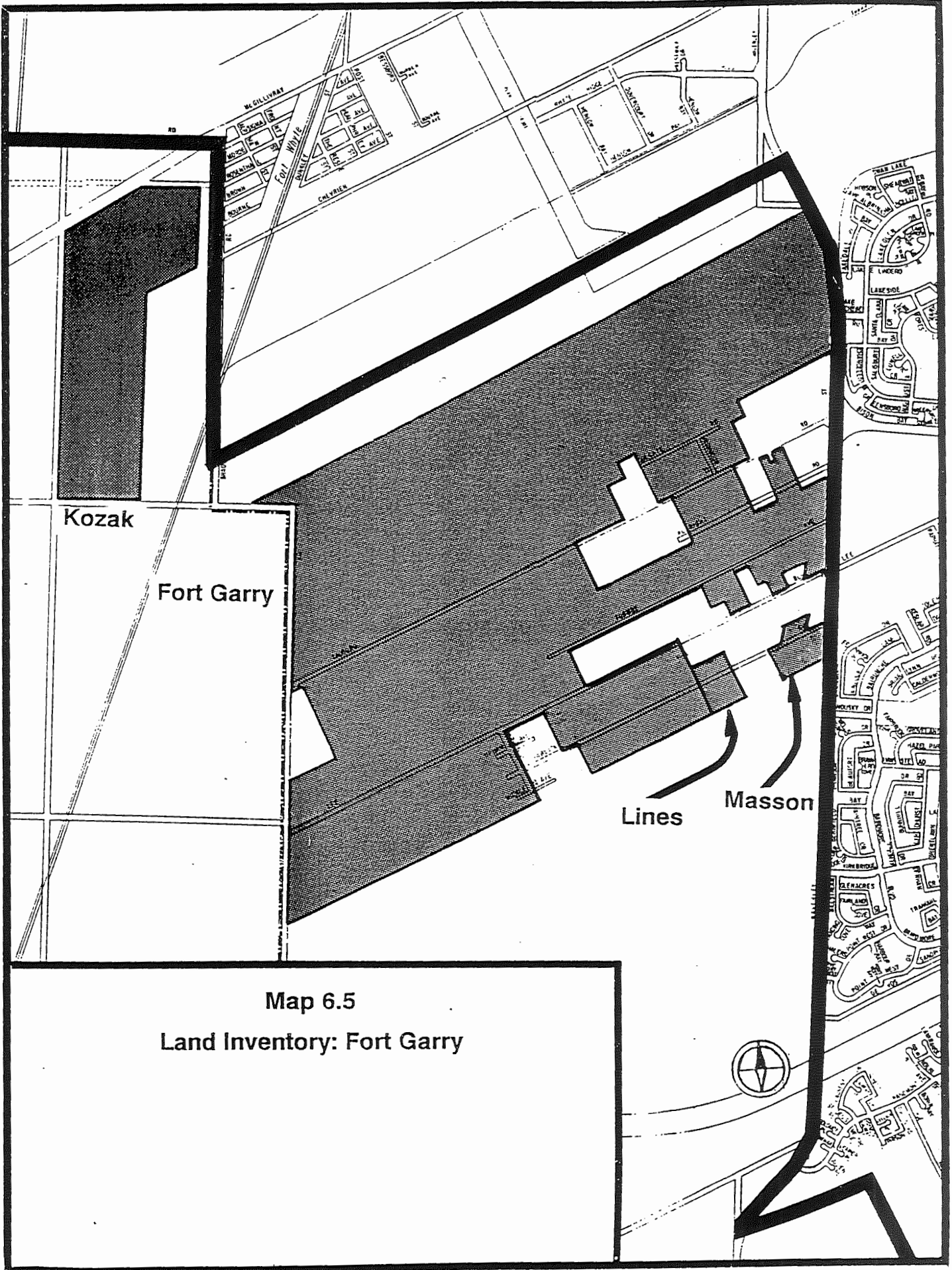
Wilkes Avenue/Fort Whyte

Two of these properties, Demeyer (47.5 acres) and Hooker (133.1 acres), are inside the urban limit line (Map 6.5, and 6.6 and Table 6.2), but currently zoned industrial. They are bounded on the north by the CN mainline preventing southward development of Tuxedo and they are currently zoned industrial with existing industrial uses to the east and west. Previous analysis by Manitoba Housing suggested they were 15-20 years from development. With the success of Linden Woods this estimate may be in error with current development only eight to ten years away. However, given current zoning and the surrounding industrial uses they are not likely to be as attractive as the Linden Woods area and development may shift first to southwest Fort Garry where there are attractive development possibilities that are well removed from industrial uses. Even the ten year time frame, however, tips the scales in favour of Manitoba Housing disposing of these properties.

The other three properties - Kozak (1,803 acres), Tundra (376.8 acres), and Yongewood (219.8 acres) are much further from development. The only land uses in the vicinity of these properties other than agricultural are scattered acreage developments and urban fringe industrial and storage uses. These properties are well outside the urban limit line and are at least twenty years from development, if in fact they even provide development possibilities. This makes them prime properties for disposal even though losses may be incurred.

Fort Garry

The Fort Garry holdings (Map 6.6) are perhaps the most problematic in nature, a fact that is in no way attributable to the size of the holdings (1269 acres). Although Manitoba Housing's options in other areas are in most cases relatively straight forward this is not the case with the Fort



Map 6.5
Land Inventory: Fort Garry

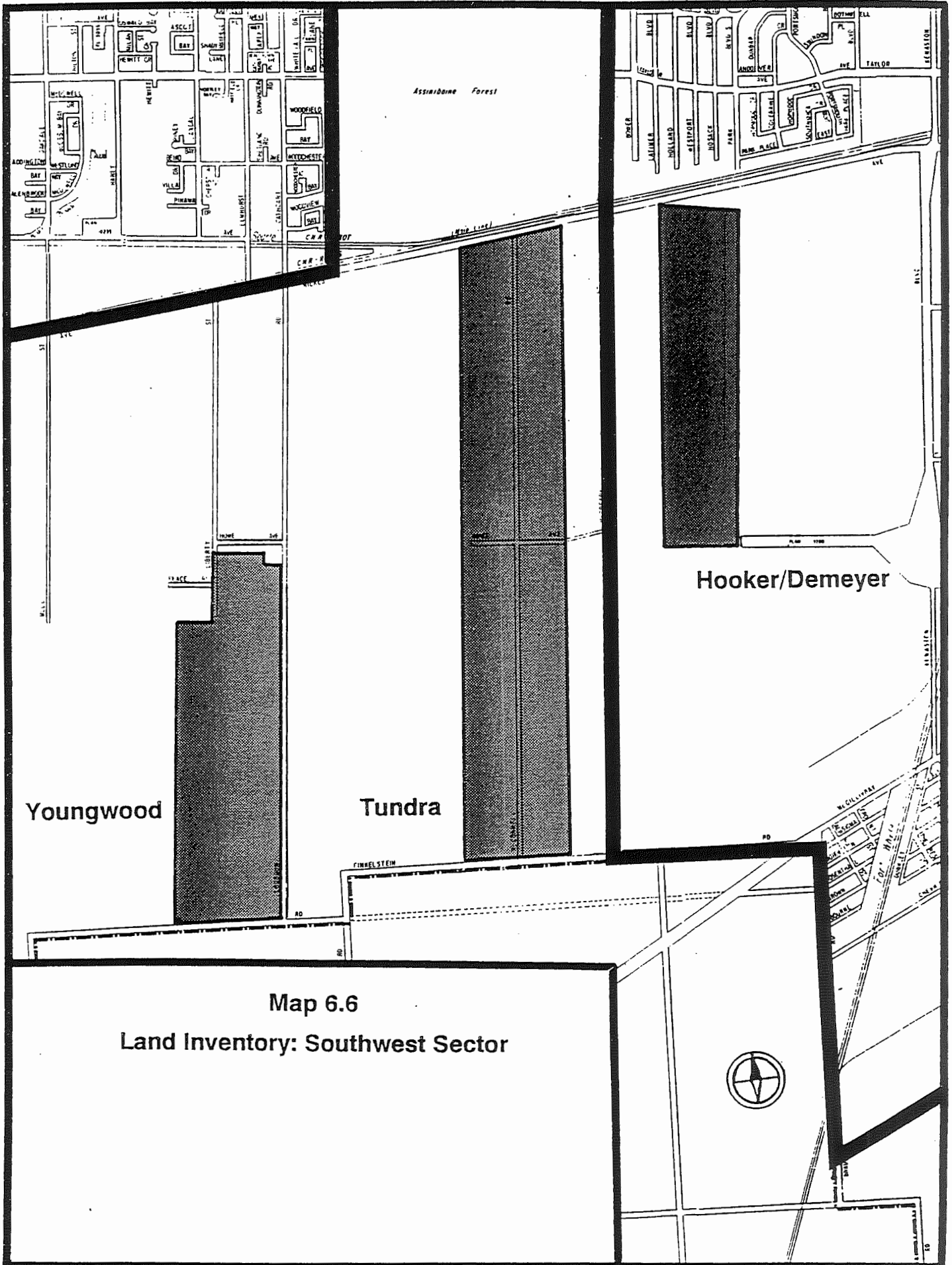


TABLE 6.2

MANITOBA HOUSING: SOUTHWEST WINNIPEG LAND INVENTORY

NAME	PARCEL SIZE (acres)	PURCHASE PRICE	DATA DATE	BOOK COST	VALUE DATE	APPRAISED PRICE	VALUE DATE	DIFFERENCE APPRAISED-BOOK	URBAN LIMIT LINE STATUS	DESIGNATED LAND USE	TIME TO DEVELOPMENT	RECOMMENDATION
<u>Fort Garry</u>												
A and M	20.00	42,056	74	128,021	3/85	180,000	8/84	51,979	Outside	Rural	Medium	Hold
Aljac	357.00	983,675	74	2,985,077	3/85	2,677,500	2/84	(307,577)	Outside	Rural	Medium	Hold
Bate	422.00	1,329,300	74	3,948,034	3/85	4,642,000	2/84	693,966	Outside	Rural	Medium	Hold
Dewey	4.00	20,227	75	53,719	3/85	48,000	8/84	(5,719)	Outside	Rural	Medium	Hold
Elias	86.70	273,546	74	772,080	3/85	1,080,000	8/84	307,920	Outside	Rural	Medium	Hold
Gregorchuk	48.20	130,000	75	366,186	3/85	430,000	8/84	63,814	Outside	Rural	Medium	Hold
Lines Property	6.00	30,016	76	80,412	3/85	57,000	8/84	(23,412)	Outside	Rural	Medium	Hold
Lomar	312.20	783,208	74	2,361,182	3/85	2,650,000	2/84	288,818	Outside	Rural	Medium	Hold
Masson	12.60	48,787	74	146,868	3/85	215,000	8/84	68,132	Outside	Rural	Medium	Hold
Subtotal	1268.70	3,640,815	--	10,841,579	--	11,979,500	--	1,137,921	--	--	--	--
<u>Wilkes Ave.</u>												
Demeyer Van	47.35	68,726	73	194,424	3/85	350,000	8/83	155,576	Inside	Indust.	15-20	Dispose
Hooker Demeyer	133.06	125,465	73	393,213	3/85	865,000	8/84	471,787	Inside	Indust.	15-20	Dispose
Kozak	180.33	189,346	73	504,265	3/85	400,000	8/84	(104,265)	Outside	Rural	20 plus	Dispose
Tundra	376.80	1,401,207	76	3,501,244	3/85	3,202,800	2/84	(298,444)	Outside	Rural	20 plus	Dispose
Youngwood	219.75	484,820	75	1,422,139	3/85	1,208,625	2/84	(213,514)	Outside	Rural	20 plus	Dispose
Subtotal	957.29	2,269,564	--	6,015,285	--	6,026,425	--	11,140	--	--	--	--
<u>Other</u>												
McLean Parkin	5.01	40,000	71	155,714	3/85	150,000	8/84	(5,714)	Inside	Sub. Res.	Inmed.	Hold
<u>Total</u>	<u>2,231.00</u>	<u>5,950,379</u>		<u>17,012,578</u>		<u>18,155,925</u>		<u>1,143,347</u>				

Garry properties. There are a variety of factors that both support and work against Manitoba Housing involvement in land development in this area.

On the positive side:

- . the direction of City growth appears to be shifting in a clockwise fashion from the northwest and northeast with the emphasis now in the southeast. This shift is suggested by a variety of people interviewed both in the public and private sectors and was supported by discussions with City officials. Recent and current trends in new housing activity also support this shift. The Fort Garry properties will become prime development areas as this shift continues and are expected to be the "hot market" in five to ten years time.
- . the land is relatively accessible to a variety of activities such as the University of Manitoba, St. Vital Shopping Centre, the Pembina Commercial Strip and the Tuxedo Fort Whyte Industrial Area. Transportation routes are conducive to easy and relatively quick access to most areas of the City.
- . the market in this area has already been tested with successful development in Whyte Ridge.
- . the size of the holdings would give Manitoba Housing a controlling influence in the area over a period of years.

On the negative side:

- . all of the land is currently outside the urban limit line.
- . the time frame to significant development in the area is five to eight years and it would be twenty to thirty years before the entire holding would be developed. This time frame and the associated holding costs would reduce, if not eliminate, any profit margin that could be expected. Recent calculations established a positive difference of \$1,138,000 between appraisal and book value but unless land prices escalate substantially, something that is unlikely in the face of declining demand, carrying charges will soon eliminate this positive balance.

- . only a very small part of the holdings are contiguous with current development.
- . some consolidation (purchase of other properties) would be required to facilitate orderly and cost effective development. There are numerous other owners in the area who would either have to be bought out or who would develop property first that is closer to existing development.
- . the attractiveness of the area and the shift in development that is expected over the next few years will mean the area will command higher prices and attract move up buyers and higher income groups. The area, particularly if it is developed by the private sector, is not likely to cater to the starter home part of the market, although if development was targeted toward this lower end it could well be attractive and successful. Therefore, although Manitoba Housing could be a major force in the market in this area the bulk of the activity will focus on move up and higher income households because of the area's attractiveness and the changing nature of the market.

In summary, as a whole this area presents Manitoba Housing with the most effective (in terms of size, location and timing) long term market potential. However, working against the use of these holdings is the length of time to the beginning and the completion of development, the location of the urban limit line, the consolidation required and the upscale nature of housing likely to be attracted to the area. Because of these implications and the effort Manitoba Housing should focus on the inner city, IUS recommends that Manitoba Housing dispose of all the Fort Garry properties.

6.3 Disposal Of Suburban Land Properties

Having recommended that Manitoba Housing dispose of all its suburban land holdings it is obvious that this cannot be done quickly and easily. In the case of some properties it may be difficult to find buyers. Some properties will, however, be quite attractive and guidelines will have to be developed to handle the sale of these properties. Although it is not

specifically the mandate of this report to develop these guidelines some very general suggestions are provided. These suggestions are based on experience in other provinces, specifically Saskatchewan, Alberta and British Columbia. All three of these provinces have sold parcels from public land banks to private interests at various times over the last ten years.

Disposal of the property should be undertaken using the following general guidelines.

- . parcels should be provided that are small enough so that smaller as well as larger developers in the market place can participate in the bidding process. The size of parcels, however, has to be large enough to support feasible development;
- . tenders from joint venture or consortium groups should be accepted. This permits partnerships or consortium arrangements from groups of small builders that may want to compete with larger development firms. The size of the parcel is also important in this respect as smaller parcels will allow a small builder consortium to compete more effectively;
- . parcels should be offered in a variety of areas and anticipated market levels at the same time. Manitoba Housing has some flexibility to do this, particularly with the Dieter and Bruce Road properties;
- . Manitoba Housing could provide interim financing which would increase the competitiveness of individual or groups of small builders or developers. For example, in Saskatchewan the province stipulated that it would carry 75% of the total purchase price for a period of up to six (6) months at an interest rate which approximated the provincial borrowing rate.
- . Manitoba Housing must insist on proper proponent identification to ensure large developers are not buying all the properties under dummy companies. For example unincorporated joint ventures or consortiums must indicate the proportionate share held by each partner and corporations must identify major shareholders and indicate the proportionate share of each.

- . each proponent should be required to document in detail its lot sales policy outlining such specifics as
 - (a) target market groups
 - (b) anticipated sales prices (per front foot)
 - (c) distribution of lot sizes
 - (d) policy with respect to lot sales to individuals, small builders etc.
 - (e) development time frame
 - (f) qualifications of the proponent
 - (g) additional details as required by Manitoba Housing
- . Manitoba Housing must reserve the right to select successful proponents on the basis of more than price i.e. the highest tender should not necessarily be accepted. This alone may be the most effective guideline in preventing a monopoly situation by a particular developer.

Although more detailed work is necessary to fully develop such guidelines these general statements indicate that Manitoba Housing need not give up complete control of the type and direction of development in an area when it disposes of land bank properties. These general guidelines have proved successful in Alberta and British Columbia. Similar guidelines were adopted in Saskatchewan but developers were never monitored to ensure that the guidelines were met so the success is questionable in the Saskatchewan situation.

6.4 Land Cost Write Offs

If Manitoba Housing does accept the recommendations of this report and decides to sell its suburban land portfolio, it may well be faced with substantial losses. The difference between appraised market value and book value in Table 6.1 is just over \$5,000,000 for the entire inventory. However, this reflects 1985 book values and 1984 appraised market values, figures that, because they are somewhat dated, are not very realistic. Land values in many areas have actually dropped since 1984 while book values have continued to increase. The positive balance on Table likely no longer exists. Even a 10% drop in land values combined with the

associated increase in book values puts the ledger in the red. Although it is difficult to find evidence that adequately reflects what has been happening to land values in areas where Manitoba Housing has land discussions suggest that 10% may in fact be a conservative estimate. Therefore, if Manitoba Housing does decide to dispose of its property, it will likely be faced with writing off substantial losses.

If Manitoba Housing does not accept the recommendations of this report and decides instead to maintain and develop its suburban land portfolio it may, however, be faced with even larger losses. Currently Manitoba Housing is capitalizing interest on the money borrowed to purchase the land as well as taxes and other costs associated with the land portfolio. This increases the book value on an annual basis. Manitoba Housing does not have the flexibility of the private sector to write these annual "operating" costs off against other income. Under this system book values will continue to increase and in a period of relatively low housing demand, which is expected to be the scenario over the next few years, increases in these costs may outstrip land values. Therefore, if Manitoba Housing holds the portfolio and develops it over the next fifteen to twenty years losses may still be substantial. Parcels closest to development like Dieter, John Bruce Road and Fraipoint may "turn a profit" but the inventory as a whole will lose money.

One solution IUS would recommend to prevent continued escalation in the book value and substantial future losses is to write down the property to its current appraised value and write off the loss at this point in time. Once these costs have been written off, the policy of capitalizing annual costs should be changed and an accounting system put in place to write off interest, taxes, etc. on an annual basis. The land should also be re-appraised regularly and the value adjusted with losses, if they occur, being written off on a regular basis. This approach seems the only logical method of preventing book values from increasing to unrealistic levels.

7.0 THE INNER CITY: THE PUBLIC ROLE IN LAND

7.1 The Policy Context

Manitoba Housing appears to be operating under considerable confusion and uncertainty with respect to land policy in the inner city. Before an inner city land policy is developed there are some very basic and overriding parameters that have to be considered:

- . through the Core Area Initiative all three levels of government have already made a substantial commitment to inner city revitalization and renewal. This commitment has been extended for another five year period. The issue of extensive government involvement in the inner city is not in question - it is a given;
- . the commitment to revitalization assumes an integrated planning approach. Integration in this respect includes;
 - co-operation and partnership arrangements between the various levels of government, the private sector, community and non-profit groups in the planning and development process,
 - integration of a variety of social, economic and infrastructure programs in a holistic planning approach.

This means that Manitoba Housing cannot act as an individual entity in inner city activities but must co-ordinate its activities with those of other agencies and its programs with other social and economic initiatives. This will no doubt expand the time frame for development and in turn increase the social (subsidy) costs of housing programs.

- . the commitment to revitalization also assumes support to a mix of income groups, some that fall outside the social housing mandate of Manitoba Housing. Nevertheless, assistance may have to be extended to these higher income groups if this desired objective is to be achieved.

- . working in the built up environment is substantially more time consuming (for a variety of reasons) than development on vacant land in suburban areas. Re-zoning requirements, changes to existing infrastructure, the increased number of parties involved because of the more scattered nature of property ownership in the inner city, the necessity to work with established community groups and the requirement to review decisions and receive approvals from an increased number of public agencies all add to the development time frame. A longer planning and development time frame has to be accepted and incorporated into the program delivery process.

- . the higher costs of working in the inner city have to be accepted. It is a reality that delivery of housing programs in inner city areas is more expensive because of higher land costs, holding costs to accumulate land, demolition costs, costs associated with re-zoning, additional design requirements for small lots, costs associated with replacement of existing and installation of new, service connections and expenses associated with accommodating displaced tenants. These costs have to be accepted as part of working in the inner city but in turn balanced against the long term social and economic costs of allowing the inner city to continue to deteriorate. Manitoba Housing and the provincial government must be prepared to accept these higher costs and build in the necessary program subsidies.

- . it also has to be recognized that there are areas of the inner city where the private sector or individual initiative will not address the problems, at least they will not address them and at the same time achieve the social and economic objectives considered acceptable by the public and the three levels of government. The private sector may focus its activity on commercial or high priced residential in some areas - likely close to the central business district - but it seems certain that it will not build a mix of housing in many areas of the inner city or address the renovation of older homes.

Within this context two questions have to be addressed:

- 1) With respect to land, what is the role or mandate of Manitoba Housing?

- 2) What planning and program procedures should it undertake to fulfil this particular role or mandate?

7.2 Manitoba Housing's Mandate in the Inner City

- 1) Manitoba Housing should buy and bank land in the inner city.

Banking land in the inner city is a long, slow and expensive process. It is an activity the private sector will not address. Not one builder, developer, or any of the public officials interviewed felt the private sector would address the need for the long term and substantive land base required for housing purposes in those areas most in need of revitalization. Accumulation and holding rule out any profit margin given current market prices in these areas.

Nevertheless, land is key to effective inner city housing programs so it must be made available. A land base is necessary to accommodate social housing objectives and it may also be required to encourage private initiatives for higher income groups in order to achieve an income mix. The public should not provide housing for the higher income groups, it should be built and marketed by the private sector, but the public may have to subsidize the land costs. Therefore, the public must play a role in accumulating land and Manitoba Housing as the public's agency should be the banker.

- 2) Manitoba Housing should develop land in the inner city.

Land development in the inner city encompasses a wide range of activities including demolition and clearance, re-zoning, installing new services, etc. These activities have already been discussed in the previous section. Manitoba Housing naturally has to undertake these activities in developing land it uses for social housing but it may also have to play the same role for the private sector to encourage their participation in inner city revitalization. Builders and developers (large and small) interviewed indicated that not only was it difficult to obtain

land in the inner city, another problem centres on getting the land ready for development. Most of today's builders are attuned to operating as tract builders in suburban areas. They build a house on a lot that is "ready" for development. They are not attuned to purchasing older homes, getting involved in demolition and site clearance, re-zoning, re-servicing, etc. Many indicated an interest in building in the inner city but only if they could work with lots ready for construction. Therefore, Manitoba Housing can play a role not only as a banker of land but also as a developer of inner city land on a scale that is much more extensive than its land needs for social housing.

3) Manitoba Housing should act as a broker of land in the inner city.

Purchasing and developing lots to the point where they are ready for house construction places Manitoba Housing in the position of a broker, particularly as land over and above social programming needs will be involved. In its role as a broker, Manitoba Housing should serve not only the builders but private individuals, community and non-profit groups. Land should be sold primarily for residential purposes but sales for community, institutional and other land uses should not be ruled out if Manitoba Housing in the process of banking acquires land that is not appropriate for residential development. Land, where possible, should be sold at cost plus a reasonable profit margin but as already discussed, this will not always be possible given the relationship between costs and market prices in many areas of the inner city.

4) Manitoba Housing, using land as a program tool, should act as a catalyst to stimulate private and individual initiative in the inner city.

The previous mandate statements suggest a very pro-active and extensive role in land for Manitoba Housing in the inner city. It is a role that will require extensive public funding. IUS is not implying that Manitoba Housing will need to play this role indefinitely in each area in which it becomes active. Manitoba Housing should act as a catalyst to encourage and stimulate private and individual initiative in the inner city

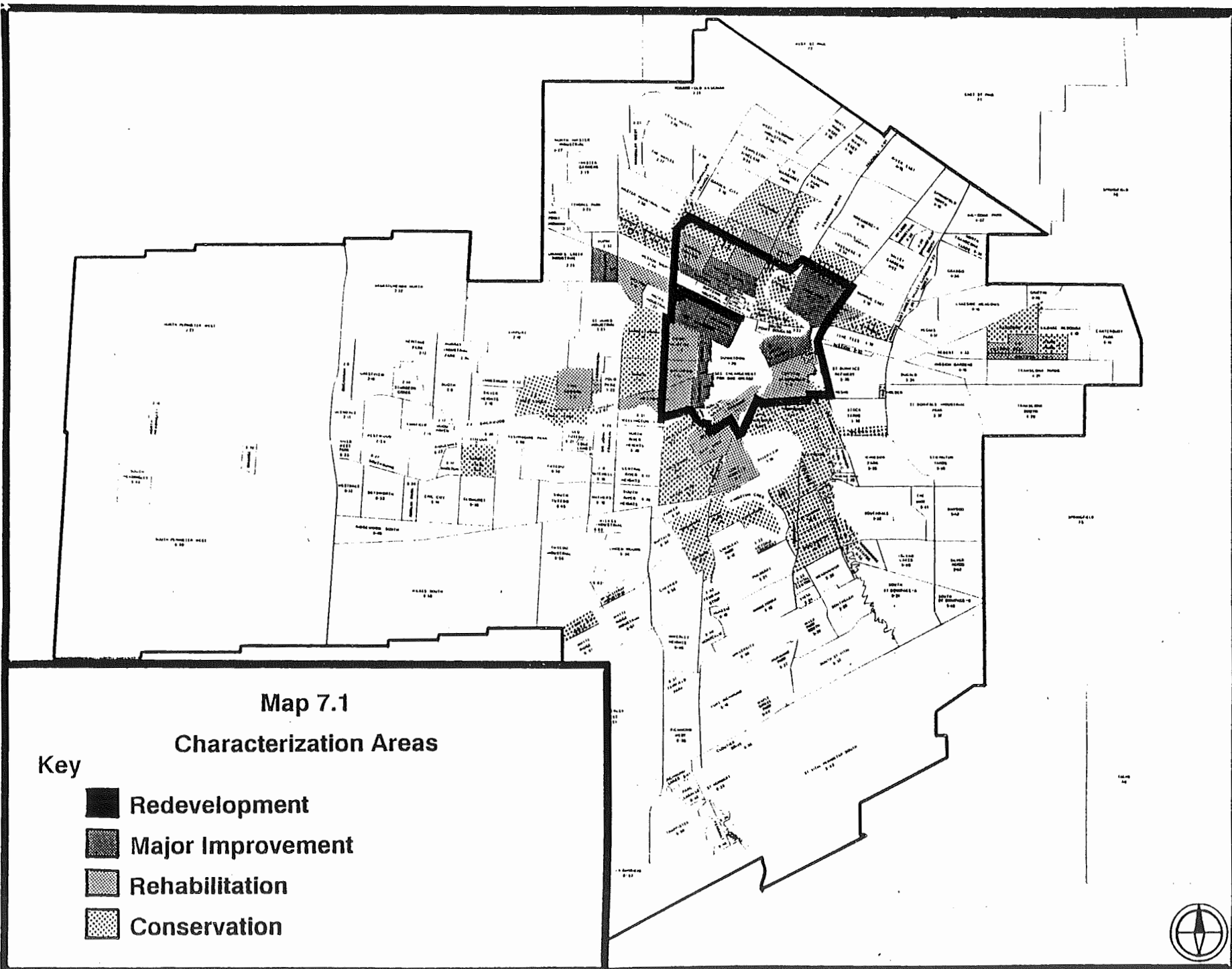
neighborhoods focusing its attention on a particular area only long enough to "turn the area around". In effect, once the trend toward continued deterioration has been arrested and the private market and individuals alike view the area as one that justifies further investment Manitoba Housing can then cease activity in the area and move on to other areas that require public attention.

Extensive areas of the City are currently classified as requiring either redevelopment, major improvement rehabilitation or conservation (Map 7.1). Some of these areas will gentrify on their own but many, either now or in the future, will require extensive public commitment. The commitment to revitalization must, of necessity, extend well beyond the current five year Core Area Agreement, and for that matter well beyond the boundaries of the presently defined Core Area. The problem that presently exists in the older residential areas of the Core may well be repeated in many of the ageing suburban areas just outside the inner city. Therefore, Manitoba Housing's role as a banker, developer and broker of land in ageing residential areas will not be a short term phenomena overall, although it should only be active as a catalyst in a particular neighborhood long enough to tip the scales against continued decline and in favour of neighborhood improvement.

7.3 Establishing a Land Bank in the Inner City

Having defined the inner city land mandate of Manitoba Housing it is now necessary to expand on the planning and program procedures necessary to fulfill this particular mandate.

To establish a land bank Manitoba Housing should work closely with the City and other public agencies involved in real estate to accumulate a land base utilizing placarded units, vacant lots, underutilized property, closed school sites, industrial and commercial sites that are available, condemned apartment buildings and tax sale units. However, the supply of such land is limited. The price of vacant lots and placarded or tax sale units in older neighborhoods has been quite low due to the lack of any "real



Map 7.1

Characterization Areas

Key

-  **Redevelopment**
-  **Major Improvement**
-  **Rehabilitation**
-  **Conservation**



market". Prices in a range of \$6,000 to \$7,500 per lot have been the norm. Manitoba Housing has been the primary purchaser of this type of property and the City a principle supplier. A few of these properties remain (most of them City owned and taken for taxes or in land swaps) but the application of a policy aimed at the acquisition and preparation of this property for development would quickly deplete the supply. City owned vacant or placarded properties are scattered throughout the inner city but there are few opportunities to acquire a substantial number of contiguous lots. As well, much of this property consists of irregular splinters and corners of land which are, for all intents and purposes, unsuitable for residential development i.e. pieces of property bordering on rail lines. Therefore, the advantageous and cost effective relationship that has existed between Manitoba Housing and the City is rapidly coming to an end. Manitoba Housing should continue to pursue this avenue for the purchase of lots but it will not be sufficient to fulfill land base needs.

Because there is so little unoccupied property left that can be utilized, existing occupied properties become the only other alternative. Moving from purchasing mainly vacant City owned property to occupied residential dwellings will present Manitoba Housing with a new set of problems:

- . lot purchase prices can be expected to rise from the \$6,000 to \$10,000 range to \$20,000 to \$25,000 or more. This is basically a land price as the dwelling will have little, if any, value, but it will be occupied and the occupant will expect considerable equity.
- . IUS reviewed sales over the past eighteen months in a variety of inner city areas using the Digest Business and Law Journal and properties that would be suitable for residential development averaged \$20,000 to \$25,000, few were under \$20,000. Many of the lots have 25 foot frontage and land prices are \$800 to \$1,000 per front foot compared to \$600 to \$800 per front foot in suburban areas.

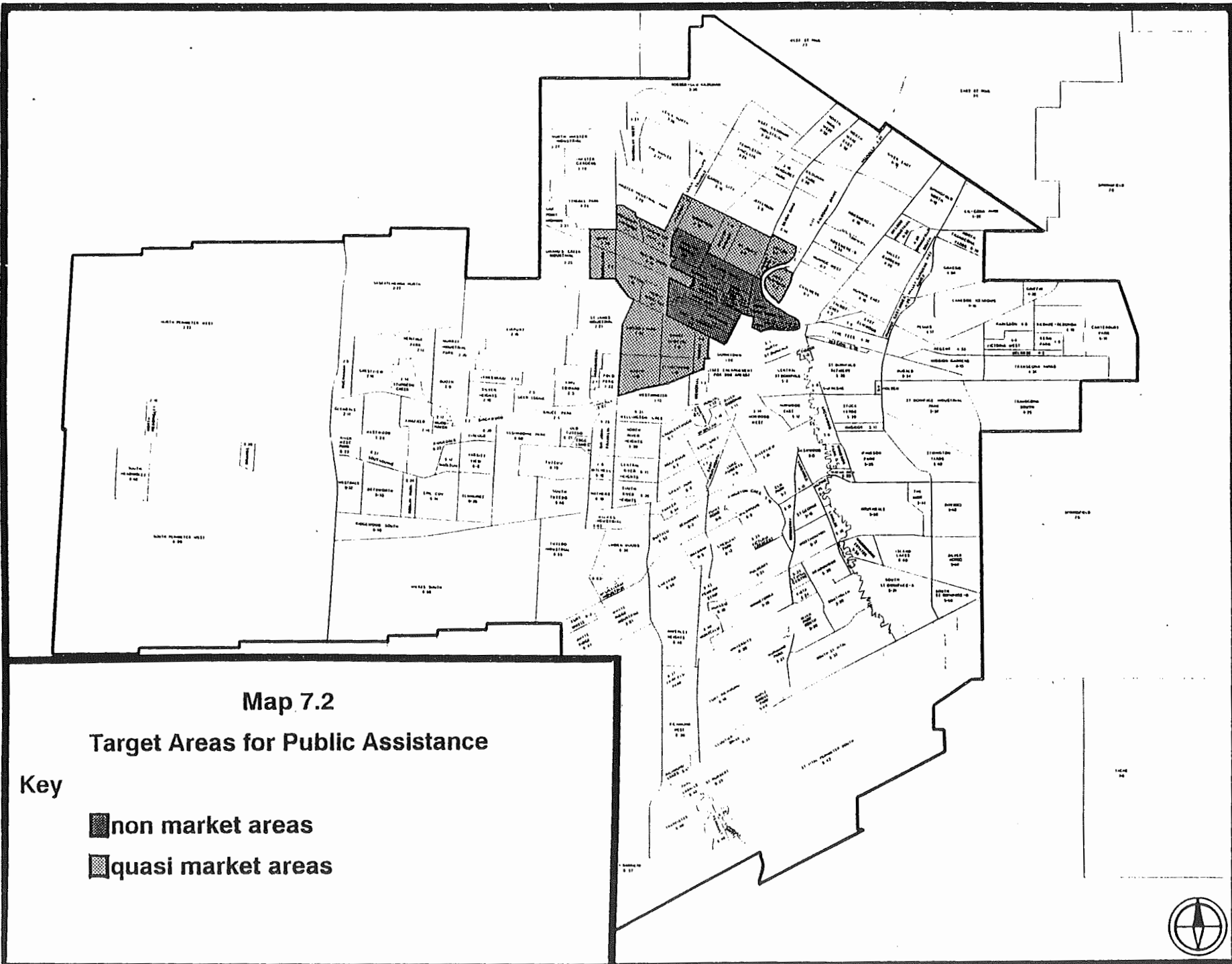
7.3.1 The Location of Land Bank Property

Having discussed purchase alternatives for assembling land it is necessary to address the issue of where the land should be assembled. One of the first steps in the planning process should be the establishment of target areas i.e. areas where Manitoba Housing feels it should initially focus its revitalization efforts. As indicated previously there are areas of the City that the private sector and individual initiative are not likely to address, there is little, if any, private market interest, and there is little chance of investment in improvements. These should be Manitoba Housing's primary focus areas. Generally, these areas are defined by a variety of factors related to the quality of housing and the income of the current residents or incidence of families below the poverty line. The incidence of disadvantaged and special needs residents is also significant in this choice. Suitable areas are depicted on Map 7.2 and generally consist of parts of the "North End" and areas south of the Canadian Pacific Yards, including the neighbourhoods of William White, Burrows North, West Alexander, Dufferin, Lord Selkirk Park, North and South Point Douglas, and Centennial. These areas contain most of the poorest housing in Winnipeg and are referred to as non-market areas by the private sector. Much of this housing is rented and residents tend to be those with the lowest incomes. A large proportion of the City's welfare recipients and native population live in these areas.

7.3.2 Purchase of Land Bank Property

How should Manitoba Housing proceed to purchase property in these target areas?

- . banking must be sufficiently long term in nature to prevent escalation of prices. Substantial purchases over a short period of time will only serve to inflate prices. Land purchased in haste to accommodate 500 budget units which have just been made available and must be committed within a short period of time only serves to drive up prices and results in inappropriate purchases and poor locations.



Map 7.2

Target Areas for Public Assistance

Key

- non market areas
- quasi market areas



- . program planning and land based planning must be closely co-ordinated. IUS recommends that no less than three and preferably a five year time frame be established for planning purposes. Program levels and guidelines are required at least this far in advance if land based planning is to be effective. Given the current three year federal/provincial planning time frame at least three years seems realistic.
- . those involved in purchasing property for banking and development therefore should work on a five year time frame. In general, property should not be purchased (banked) unless there are realistic program options for its use over the next five years, although realistically, given the vagaries of program delivery, this can only be a general guideline. Those involved in purchasing property must be given long term guidelines with respect to program activity levels, cost criteria and guidelines and designated target areas.
- . Manitoba Housing must be prepared to pay market price (currently \$20,000 - \$25,000 or better) but it should not pay more than market appraisals except in exceptional circumstances. If ceilings or guidelines are established they must be adjusted annually to reflect appreciation in market values. There will, however, be times when properties have to be purchased to consolidate parcels at more than market value as one has to be realistic if one hopes to achieve inner city objectives. Expropriation, however, should be avoided at all costs.

The distribution of lot purchases can also be approached from two points of view. Lots can be purchased on a scattered basis, a lot here and a lot there, or land can be assembled as consecutive lots forming parcels large enough to support small inner city subdivisions. Both approaches have their advantages and disadvantages:

- . the lot by lot approach may not be sufficient to address the catalyst role that Manitoba Housing should play. If the program activity is dispersed the visibility factor may be too weak to change community or private perception about the area or perceptions would change much more slowly, unless, of course, there are a tremendous

number of scattered holdings which given current budget limitations is unlikely.

- . a mix of design and unit types is much more difficult with scattered lot purchases. Single lots basically restrict program responses to single detached units.
- . however, scattered lot purchases do make purchasing property much easier and it reduces the scale of displacement that would occur both in terms of the actual number of people displaced and from the public visibility point of view.
- . larger parcels or small inner city subdivisions generate more visibility and may be more effective in turning a neighborhood around. They will accommodate a wider range of unit types and designs and may add a sense of security to households moving into a new project as they are not occupying one new unit in a neighborhood of much older units i.e. they do not stand out as being substantially different.
- . the inner city subdivision approach also accommodates the incorporation of other design, planning and infrastructure features such as improved street lighting, new sidewalks, recreational space and traffic control features such as cul-de-sacs. These features are not so easily accommodated in the scattered lot approach but they may be every bit as important as housing in the revitalization of a neighborhood.
- . the inner city subdivision approach may also be necessary to encourage the participation of private builders. From the discussion with builders it was obvious that although some would build on scattered lots the strong preference would be for small tracts in groups of six, twelve, twenty-four or thirty-six lots. This is particularly true of areas that currently do not have strong private market appeal. A subdivision approach, they feel, is crucial in a marketing sense. They felt there would be difficulty marketing scattered or dispersed homes. Moderate or higher income people, because of the reputation of the area would not be "pioneers" on their own but they may be persuaded to purchase if they were certain that other people with similar characteristics would be living next

door, or at least several other households would be in the immediate vicinity.

- . several builders also expressed an interest in an Inner City Home Show. They felt a public agency, Manitoba Housing specifically, should assemble twenty to forty contiguous lots and sell them to builders for a parade of homes. This would serve the following purposes:

- enhance consumer interest in inner city homes and the possibility of living in the inner city,
- enhance builder interest in participating in inner city development, and
- promote the design of homes suitable to small lot development in the inner city.

- . on the other hand, purchasing land for inner city subdivisions takes much longer as several contiguous lots for sale at the same time are rare occurrences in the inner city. This approach will also be more costly as there will always be "holdouts" that are required to complete a contiguous parcel that will demand more than market value. The longer time frame will also increase holding costs. In addition, this approach may result in more displacement and occasionally the purchase and demolition of a unit that is in reasonably good shape.

7.3.3 Summary

In summary, IUS recommends that Manitoba Housing concentrate on the small subdivision approach when purchasing property in the inner city. It is a more time consuming and more expensive approach but it appears to offer more benefits over the longer term. However, because of the slower and longer time frame associated with the subdivision approach realistically the purchase of scattered lots cannot be curtailed entirely. Scattered lot purchases will be necessary to commit the budget, particularly over the short term.

7.4 Land Assistance in Other Areas of the Inner City

To this point most of the discussion has focused on the role Manitoba Housing should play in inner city areas where there is unlikely to be private or individual initiative aimed at revitalization. However, there may also be a need for public involvement in land outside these areas. Map 7.2 illustrates areas of the City that builders expressed a strong interest in when they were interviewed. This area incorporates such neighbourhoods as West Elmwood, St. Johns, Sargeant Park, Weston, Spence, Brooklands, etc. They view these areas as "quasi market" areas with some potential, but a high degree of risk. Some builders are active in these areas in a limited fashion - generally the very small "out of the back of the truck builders". The factor that keeps more builders from operating in these areas is the relationship between costs and market values. Currently the relationship leaves little room for a profit margin. The following example illustrating basic costs and market values for these areas in general indicates the precarious nature of this relationship.

TABLE 7.1

Building Costs In Inner City Neighborhoods
(based on a 1,000 sq. ft. single detached unit)

	\$
Lot Purchase Price (25 foot lot)	20,000
Demolition/Site Clearance	3,000
Service Connections	2,500
Carrying Costs (property taxes, interest, etc.)	<u>1,500</u>
Sub Total	27,000
Building Costs (1,000 sq. ft. bungalow)	<u>45,000</u>
TOTAL COSTS	<u>\$72,000</u>
<u>Market Value</u>	<u>\$70,000 - \$75,000</u>

The cost factors, of course, vary from one area to another but the above is a reasonably good indication of the average situation. The incentive for private builders is at best marginal.

There are two ways Manitoba Housing could address this situation. It could play the same role in land as detailed for the "non market" areas or it could provide another program mechanism that subsidizes the builder. The builders appear to prefer the first approach with Manitoba Housing being the banker, developer and broker of land. Again, many of the reasons previously mentioned apply in these "quasi-market" areas.

Should Manitoba Housing be involved in these areas? Should the public spend funds so that builders can make a reasonable profit? IUS recommends involvement in these areas because:

- . many of these areas are at a point where they could go either way with respect to future conditions. The next few years will see a trend toward decline. However, a little public assistance to promote private initiative may arrest decline and turn these areas around;
- . assistance at this point to arrest future decline does not have to be extensive. Subsidies of a few thousand dollars per unit (perhaps as little as \$5,000) may be sufficient to encourage private initiative. Manitoba Housing may, in fact, be able to break even on lots in some areas. Part of the disincentive to private builders is as much the purchase and preparation of land for building as it is the lack of an adequate profit margin;
- . subsidies, if they are necessary, will be very much lower than in the inner city areas designated as "non-market" and shallow subsidies spent at this point may eliminate or reduce the need for much deeper subsidies in the future;
- . if costs and market values are properly monitored then there should be no concern about builders making an unreasonable profit. Public programs that enhance builders' profits are not new or unusual and recent experience in the Core Area

itself suggests the public is prepared to invest very heavily to support private initiative.

7.4.1 Summary

In summary, IUS is recommending that Manitoba Housing's land activities and mandate extend beyond the areas containing the poorest housing and lowest income households. These poorer areas must be the primary focus of activity and command the most extensive expenditures. However, at the same time, less extensive expenditures in other older residential areas of the City may prevent future decline and the necessity for the heavy public commitment that is now required in many inner city areas.

7.5 The Rationale for an Inner City Land Development Company

How should Manitoba Housing approach the role of banker, developer, and broker? Should the Department be involved directly? Should it set up a special branch within the Department, or should it set up a special "arm's length agency" to undertake these activities? IUS recommends that Manitoba Housing consider the special agency approach. This special agency should:

- . operate in an autonomous nature similar to the North Portage Development Corporation or the Winnipeg Housing and Rehabilitation Corporation with freedom to deal directly with public and private agencies;
- . be granted an annual operating budget to finance land banking, development and sales activity and be able to carry out these activities without the need to seek government approval for each and every purchase;
- . some agencies which perform similar operations have been established and given an initial grant (perhaps one to two million dollars) which is used as a revolving fund to finance operations. Examples of such organizations are found in Toronto, British Columbia and many cities in the United States;

- . the agency should be headed by a General Manager and have its own staff with all the necessary expertise including support and administrative staff. Some current staff at Manitoba Housing could be transferred to the new agency.

Basically, what is being described is an Inner City Land Development Company that becomes the banker developer and broker and administrator of public land policy in the inner city. With respect to establishing policy, however, that should remain the prerogative of Manitoba Housing, the Cabinet and other associated and relevant Government Departments. The province (Cabinet, Manitoba Housing, etc.) sets policy and the new agency is given the mandate to carry out this policy by way of its operations. Naturally, however, the staff of this agency should be involved in helping develop policy.

What are the advantages and disadvantages of such an organization.

Advantages include:

- . it would be an Agency whose sole purpose is the assembly, development and sale of land, Its activities would not be interrupted, hindered, or in any way delayed by other program objectives and activities as may be the case with an agency, such as Manitoba Housing that has broader program mandates and objectives;
- . similarly, all the necessary expertise could be organized under "one roof" working with one objective in mind as opposed to a staff having a variety of other responsibilities as well;
- . the Agency may not be perceived as being "government". This may provide some advantages in the market place that Manitoba Housing does not have. Other actors in the market often view the government as open to political influence and an "easy take" for holdouts and higher prices;
- . not being tied to the same approval process as Manitoba Housing, the Agency could move more quickly to consummate purchases and sales. Prompt decision making and quick action is often necessary to take advantage of opportunities in the inner city. As one individual interviewed

put it "Manitoba Housing is an organization with a wealth of expertise, but its operations in the market place are stymied by the slow bureaucratic process which cannot respond with the speed often necessary to take advantage of market circumstances";

- . the Agency could sell land to the private sector, individuals, other government and non profit agencies and Manitoba Housing without the necessity of particular program structures that often encumber Manitoba Housing's activities;
- . being arms length from the government may provide the agency with more flexibility in the tendering process in undertaking the necessary work to get land ready for development;
- . many interviewed suggested it would be viewed as a positive step forward by the builders who feel inner city operations would be easier, quicker and more efficient if they could deal directly with an agency with such a mandate.

The one disadvantage, of course, is that Manitoba Housing would lose hands on control over land activities in the inner city. Loss of hands on control and the lack of communication which is always an associated danger may result in situations where land operations of the Agency and the program objectives of Manitoba Housing may not jive. Care would have to be exercised to see that this did not happen.

With respect to communication and co-ordination, the Agency must be almost as closely associated with the City as it is with Manitoba Housing. Close co-ordinations with the City is essential because the majority of the activities involved in preparing inner city land for future development involve City Departments, and City regulations, particularly re-zoning, servicing and activities associated with the design of inner city subdivisions.

Funding for the Agency is a very important issue. IUS is recommending that the Agency be established with an up front grant to purchase land. This grant should be treated as a revolving fund, i.e. the

proceeds of sales should be returned to the fund to finance future land purchase and development. In addition, however, ongoing operating funds will be required to pay staff and other operating costs as well as subsidizing the difference between land costs (the cost of purchasing and developing) and sales revenue. There should be no objection to the Agency making a profit on land sales to help cover the cost of operation and replenish the revolving fund, but at the same time, there should be no illusions that the Agency will be able to operate on a profit, self sustaining basis.

The Agency should sell land at market values for the particular area in questions, but if costs exceed market values, then the loss has to be recognized and subsidized. Private builder, for example, may receive a land write down (from costs) or subsidy to build in the inner city. If market values exceed costs, then the profit should remain with the Agency to cover ongoing operating costs and replenish the revolving fund.

Funding for the Agency need not be the sole responsibility of Manitoba Housing. Other Departments and, for that matter, other levels of government have responsibilities to support inner city revitalization. Other funding sources should include the Federal Government via CMHC or the Department of Regional and Industrial Expansion, and the City of Winnipeg. The Core Area Initiative has funding for land related activities and part of this funding could be allocated to the Agency.

The Agency must also be given specific guidelines on its geographical mandate. It must operate only within certain areas of the City. Although, the actual geographic limits should be subject to further research and analysis, the boundary on Map 7.2 which encloses both the non-market and quasi market areas may be a good preliminary guideline. Outside this particular boundary, private and individual initiative should replace the need for such an Agency.

The structure of the Agency should include a Board of Directors or Policy Committee of not less than five members, chaired by the General

Manager of the Agency. This Board or Agency would, of course, have representation from Manitoba Housing, but should also include representatives from the City, Urban Affairs, perhaps federal departments and other organizations with a role to play in inner city revitalization. The Board or Committee should serve a policy review function and should also play an active role in policy formation. In addition, its members can serve as crucial and influential links between the Agency and the various Departments that the Agency must deal with in discharging its mandate in the inner city. Although, it is not the mandate of this report to deal with structural and organizational details of such an Agency, again it is worth suggesting that a structure similar to Winnipeg Housing Rehabilitation Corporation or North Portage Development Corporation may be worth considering.

In summary, although there are inherent difficulties in establishing such an organization, namely loss of hands on control by Manitoba Housing, IUS feels strongly that the benefits outlined more than make amends for this and the establishment of such an Agency should be given serious consideration. If Manitoba Housing is not prepared to move in this direction, then the various functions that the report suggests the Agency perform must be undertaken directly by the Department.

8.0 LAND ISSUES IN RURAL MANITOBA

8.1 Introduction

Manitoba Housing owns land in approximately 60 centres outside Winnipeg. Most of this land is held in centres with populations of 2,500 or more. Generally, Manitoba Housing has used the holdings in these centres as a social housing land base.

Land policy and land issues have to be reviewed from two geographic perspectives in areas outside of Winnipeg because the issues in the larger centres such as Brandon, Portage, Dauphin, Thompson, Selkirk and Steinbach are substantially different than they are in the many smaller centres in the province. Demographic projections indicate a general decline in the portion of the province's population outside of Winnipeg (Table 3.5). Small centres will continue to decline and the growth centres will be mainly those over 2,500. Even in these centres growth is expected to be slow to moderate. The current long term outlook for agriculture may retard this growth even further. Therefore, the picture is one of declining demand in most centres with only limited growth in centres over 2,500.

Largely because no significant growth in the population is expected the general consensus is that land is not a serious problem. No major shortages are expected in any of the centres and price escalation does not seem to be a problem. Prices have increased but increases have been largely due to increased servicing costs and municipal fees and charges. There is little evidence to suggest price increases can be attributed to rising demand and an associated shortage of land. Only the officials in Selkirk and Steinbach suggested that prices were in any way related to demand pressure and both these centres are within the Winnipeg commutershed. Even in these centres where prices ranged from \$16,000 to over \$25,000 per lot these prices are very reasonable relative to Winnipeg lands.

8.2 Land Issues In The Larger Rural Centres

Land problems in the larger rural centres (over 2,500 people) appear to focus around two issues: the problem of decline in the downtown and older residential areas; and, the role that Manitoba Housing has played in land banking and development in the past in these centres. As the discussion will indicate, the two issues are related. Centres such as Brandon, Portage la Prairie, Dauphin and Selkirk are experiencing slow but continuous suburban growth. These centres, particularly Brandon and Portage la Prairie, are experiencing quite significant decline and deterioration in the downtown and older residential areas. Suburban shopping has expanded threatening the viability of downtown business establishments and residential dwellings, as well as aging, are shifting from ownership to rental tenure. These centres are facing the same problems that are occurring in Winnipeg's inner city but on a much smaller scale and of a less serious nature.

How is this related to the role Manitoba Housing has played? In those centres where Manitoba Housing owns land, Portage la Prairie for example, most of the holdings are suburban in nature. Efforts by Manitoba Housing to re-zone this land for multi-family social housing has met with strong resistance from existing owners of single family units in the suburban areas of some centres. Although officials in these centres do not necessarily support the actions of the suburban residents, there is a general concern that Manitoba Housing should focus its activity on the older residential areas. There are several factors that support such a rationale:

- . the opinion was expressed that Manitoba Housing, as a public agency, should not take "the easy way out" and build on vacant land in suburban areas. It should, instead, be addressing the deteriorating stock in the older areas, purchasing older properties (many of them beyond repair), replacing the sub-standard stock and revitalizing older residential neighborhoods;

- . there was also a general consensus that the older residential areas were a more appropriate location for social housing clients, particularly senior citizens. On more than one occasion, Manitoba Housing was criticized for locating social housing projects on the fringe of communities, often far removed from services;
- . it was suggested that locating social housing projects in the older residential areas may also reduce community resistance and the difficulty this creates for re-zoning;
- . in addition, there does not appear to be a suburban land supply problem. Demand has been very limited over the last few years. Land ownership in most centres is fragmented and developers seem to be mainly local people. They know the local market well and often only develop five (5) to fifteen (15) lots per year. With the fragmented ownership and limited demand there is little likelihood of monopoly control or escalating prices and the need for Manitoba Housing involvement in suburban land development is questionable;
- . with fragmented ownership and limited demand it is, however, a problem to develop a long term subdivision plan that addresses the need for recreational land use, landscaping and development of infrastructure such as paved roads, street lighting and sidewalks. Extension of areas at the rate of five (5) to fifteen (15) lots per year make it very expensive to incorporate these services for many years. The perception is that public a agency can hold and develop land over a longer time horizon and address these problems by paying for installation of such services well in advance of development. Smaller private developers and even some of the smaller municipalities cannot afford such an undertaking.

In summary, the general consensus is that there is no great need for extensive public involvement in suburban land banking and development. Very few problems exist and small local developers who know the market very well are able to meet suburban land requirements. Officials in a couple of centres questioned why Manitoba Housing purchased land in suburban areas at all because they never seemed to use it. There is a consensus, however,

that Manitoba Housing could play a more positive role in older residential areas and should use land as a programming base for revitalization.

8.3 The Smaller Rural Centres

Work undertaken in the centres with populations of less than 2,500 was very limited but land issues were also relatively unimportant. Two problem areas were mentioned. A land base is required for social housing, however in many such centres lots are available that Manitoba Housing can purchase so it is not always necessary to purchase raw land and develop new lots. Vacant lots are common in these smaller centres and vacant or under utilized lots in fully serviced and established residential areas create the possibility for infilling.

The second problem area occurs in small municipalities where new lot development is required. The tax base in these small centres is often insufficient to allow them to debt finance such a capital intensive undertaking. Without public assistance from an agency such as Manitoba Housing these municipalities may not be able to maintain an adequate supply of building lots. Private investors have not been interested in developing land in these small centres because of the weak market, very low market prices, and low profit margins.

Therefore, Manitoba Housing can play a constructive role in the very small centres both to provide a land base for social programs and residential lots to respond to the limited growth that is occurring. It is not necessary, however, to bank land in advance to accommodate this role.

9.0 CONCLUSION

In conclusion, the report recommends major changes in land policy, changes that IUS feels matches the requirements of expected market and urban development trends. The report advocates that Manitoba Housing move away entirely from suburban land activities. In return, it advocates a much more extensive and concentrated role in the inner city.

Public involvement in suburban land banking and development was an issue in the 1970s. The public was prompted to become involved by generous funding from the federal government, as well as a variety of economic and demographic factors that significantly stimulated housing demand. Public effectiveness in influencing price and supply is by no means conclusively supported by the evidence, but in the rush to play such a role, many provincial agencies bought far too much land and are now left with property that, given current trends, is twenty or more years from development. Public agencies, like Manitoba Housing, may still be able to influence prices with certain properties on a short term basis, but there are fewer and fewer young first time buyers in the market who need assistance to address affordability problems, as may have been the case in the 60s and 70s. As well, many properties, especially those around Winnipeg, were purchased as long as fifteen years ago. Land taxes and interest accumulation have raised the cost of this land well beyond its purchase price, perhaps in some cases, beyond current market values. Using this land, to influence prices may only result in extensive losses that have to be borne by the tax payer. Trends have changed, housing demand is down and the suburban market is dominated to a much larger extent by move-up buyers with substantial equity and little need for assistance. It is time to accept losses if necessary and move away from suburban involvement. There are other higher priorities on which to spend limited funds.

The inner city is a higher priority. Urban trends have witnessed a continued decline in older residential areas of the inner city over the last twenty to thirty years, prompted in no small part by continued suburban expansion. Many older neighbourhoods are in need of immediate

attention if decline is to be arrested before the point is reached where the neighbourhood has to be entirely re-built with public funds as has been the case in several American cities. Initiatives under the Core Area Agreement have recognized this, but no one agency has been concentrating on the need to provide a land base to support new housing. Renovation and repair initiatives are required to assist in improving the housing stock, but assistance cannot stop there - new housing is needed as well. New housing must be provided to accommodate a mix of income groups and household types and, currently, there is not sufficient "developable" land to meet this requirement. Funding requirements will be extensive, not only to provide social housing for disadvantaged groups, but to assist the private sector in providing attractive housing options for higher income people in the inner city. Expenditures will not be near as high now in playing the role of a catalyst to encourage private sector and individual initiative, as they will later if entire neighbourhoods have to be re-built with public funds.

The immediate need to address problems, particularly housing problems, in these declining neighbourhoods, combined with the fact that suburban land problems have declined by comparison with falling housing demand and the increased affordability of move-up buyers, has prompted the Institute's recommendation that Manitoba Housing play a much more extensive role in the inner city. The analysis and discussion throughout the report demonstrate the need for this shift and for the policies suggested.

Manitoba Housing's role does not, however, end in the inner city areas of Winnipeg. The report did not place much emphasis on rural areas because land issues are less problematic. Although there is no need for a land banking program in rural areas, Manitoba Housing must continue to provide a land base for social housing in small centres. In addition, some of the smaller cities outside of Winnipeg are experiencing problems in their older residential areas that could be addressed by the same policy and planning procedures that are recommended for Winnipeg.

APPENDIX A

LIST OF INDIVIDUALS INTERVIEWED

Builders and Developers

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|----------------------|-------------------------------|
| 1. Bruce Clapham | Flair Homes |
| 2. Len Danchuk | Kensington Homes |
| 3. Albert De Fehr | Bellville Homes |
| 4. Don Ellis | Montclair Developments |
| 5. Brian Fenske | Life Style Homes |
| 6. Ron Gallagher | Cairns Development |
| 7. Guy Hobman | Greentree Homes |
| 8. Randy Jacquet | Randall Homes |
| 9. Mickey Lebre | Genstar Development Co. |
| 10. Bruce Maybank | Flair Homes |
| 11. Bruce McLeod | Bruce McLeod & Associates |
| 12. John Rae | NovaMet Properties |
| 13. Charlie Shepherd | Imperial Developments |
| 14. Norm Tilley | Tilley Real Estate
Portage |
| 15. Mr. Wiebe | Ladco |

Manitoba Housing Staff

1. Blair Bingham	Planning
2. Grant Cardswell	Land
3. Farley Cates	Planning
4. Ken Cassin	Planning
5. Henry Daudet	Land
6. Bill Kennedy	Programs
7. John Little	Land
8. Wayne McComb	Land
9. Saul Schubert	Deputy Minister
10. Jim Zamprelli	Planning

Urban Affairs

1. Peter Diamant	Deputy Minister
2. Claudette Toupin	Planning

Municipalities

1. Marvin Borgfjord, Senior Planner	Dauphin
2. Betty Fairbairn, Planner	Selkirk
3. Jim Green, Senior Planner	Portage la Prairie
4. Werner Hauri, Senior Planner	Steinbach
5. Doug Houghton, Senior Planner	Beausejour
6. Stephen Houghton, Senior Planner	Thompson
7. Bryan Kelner, Senior Planner	Interlake
8. Ralph Saunders, Planner	Selkirk
9. Al Shier, Senior Planner	Brandon

The City of Winnipeg

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|-------------------|---------------------------------|
| 1. Gord Courage | Planning |
| 2. Doug Kalcsics | Planning |
| 3. Neil Payne | Land Surveys and
Real Estate |
| 4. Len Vopenfiord | Planning |
| 5. Tom Yauk | Neighbourhood Improvement |

Core Area Initiative

Jim August	General Manager
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Canada Mortgage and Housing

Roy Nicol	Provincial Director
Mark Thorvaldson	Market Analyst

Others

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|--------------------|---|
| 1. Reuben Bellan | University of Manitoba |
| 2. Bob Clarkson | previous General Manager
of Manitoba Housing |
| 3. Matthew Kiernan | October Partnership |
| 4. Larry Mounk | CIBC Mortgage Corporation |
| 5. Paul McNeil | Winnipeg Housing
Rehabilitation Corporation |