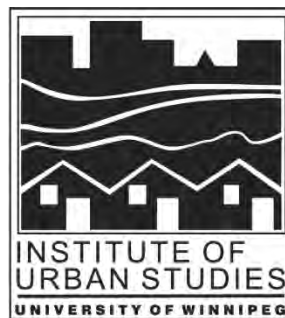


Land Ownership in the Winnipeg Fringe Area

by Josh Barber, Alan Whittle, and Lloyd Axworthy
1977

The Institute of Urban Studies





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LAND OWNERSHIP IN THE WINNIPEG

FRINGE AREA

A brief submitted to the
Winnipeg Land Prices Inquiry
Commission by the Institute
of Urban Studies, University
of Winnipeg. January 31, 1977

Prepared by Josh Barber, with
the assistance of Alan Whittle,
under the direction of Dr.
Lloyd Axworthy

LAND OWNERSHIP IN THE WINNIPEG FRINGE AREA

The sharply rising price of residential land has led to calls for new public policies to counteract this phenomenon. Unfortunately there are only a limited number of strategies available to governments capable of controlling land prices. These are: a) public land banking, b) planning controls, c) taxation measures, and d) supply of services.

Public land banks can be very effective means of reducing residential lot prices, controlling the pattern of development and retaining increases in land value in the public sector. However, to be effective they are required to dominate the local land market, to be integrated with the planning system, and to operate on a break-even basis. This demands the advance purchase of large amounts of raw land.¹

Planning can be equally effective, if it is truly comprehensive and supported by adequate laws. Co-ordination of the provision of services, employment areas, and transportation facilities can result in lower overall development costs. A clearly stated policy for land use based on ecological tolerance and social needs can reduce costs by speeding the subdivision approval process and by establishing an economically efficient, but desirable, city in which to live, work, and play.²

Taxes, if suitable applied, can ease the task of public land assembly by discouraging private land banks and, by encouraging more intensive development, reduce the overall demand for new urban land.³ Furthermore, taxes can recapture for society some, or all, of the windfall profits which

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1. S. McFadyen, "Urban Public Land Banking in Canada" (A presentation to the Urban Land Symposium sponsored by the Canadian Council on Social Development, Housing Committee; Calgary, Nov. 1976) p. 30.
 2. Based on remarks by William Teron to the Urban Land Symposium, Calgary, November 30, 1976. pp.18-19.
 3. F. Clayton, "Taxation and Urban Land Policy in Canada" (A presentation to the Urban Land Symposium sponsored by the Canadian Council on Social Development, Calgary, November, 1976), p. 28.

can be gained by private landowners as a result of public actions that increase the value of land. These revenues can then be used to defray the costs of urban development.

Finally, by ensuring an adequate supply of serviced land government can keep prices of residential lots under control. An adequate supply can be achieved by streamlining the subdivision approval process and by proper planning so that demand can be anticipated ahead of time. Then, services can be provided far enough in advance that sufficient land is available to meet the need for it.

This brief will attempt to examine the nature of landownership on the fringes of Winnipeg with the aim of discovering how effective the present application of public policies has been in controlling land use and prices. We have divided the study into two parts, one dealing with the inner fringe area, the second with the outer fringe outside the Perimeter Highway. This latter area, known as the Winnipeg Region, encompasses a greater area than is contained in the Additional Zone to which this commission has limited its inquiry. Nonetheless, we feel there are important reasons for studying the whole region and these will be discussed below. First, however, we will examine the inner fringe area.

A. THE INNER FRINGE AREA

The greatest pressures for residential development can be expected inside the Perimeter Highway since the undeveloped land here is adjacent to the existing built up area and can be connected with those services necessary for the development of residential subdivisions. Although single detached houses will form a minority of the new housing units to be constructed over the next ten years, they will consume 80% of the new residential land.⁴ It is assumed that almost all of the new single detached houses will be built on the fringes of the city on what is now undeveloped land. Therefore, it is this fringe land which should be the centre of any investigation into residential land prices.

The pressure on raw land in the fringe area will not be evenly distributed throughout the region inside the Perimeter Highway, but rather will be concentrated in certain locations. These locations are determined by access to the existing city, access to necessary services, and the existing directions of growth. With the introduction of the Greater Winnipeg Development Plan the sites of future residential development have been identified as living areas and living area reserves. Unless the plan is greatly modified, development over the next 10 to 20 years will be concentrated in these areas. Substantial areas of land inside the Perimeter (primarily on the southwest and northwest) have been designated as rural areas and development is not likely to occur here in the foreseeable future. The developments which will occur are likely to be in the form of large planned subdivisions which will require that large tracts of land be acquired before development can take place.

It is therefore not surprising that much of the fringe land has been acquired by a few major development companies and that most of the

4. City of Winnipeg, Five Year Capital Development Program, 1977-1981 (Winnipeg: January, 1976), pp. 8-16.

TABLE I LAND HOLDINGS ON THE WINNIPEG FRINGE, MAY 1975

	B.A.C.M.	Metropolitan Properties	Qualico	Ladco	Total Large Developers	MHRC	Others	Total Developable Land	Total Vacant Land
Total Developable Acreage *	3,800	1,400	2,500	2,500	10,200	3,500	9,300	23,000	33,030
% of Developable Land	16.5	6.1	10.9	10.9	44.4	15.2	40.4	100.0	
% of Total Vacant Land	11.5	4.2	7.6	7.6	30.9	10.6	58.5	69.6	100.00

* "Developable Land" was determined on the basis of a line around major land holdings on the urban fringe. This was determined before the Greater Winnipeg Development Plan proposals were made public.

SOURCE: B.D. Thraves and W.R. Bloxam, The City of Winnipeg: Land Materials and Labour; The Costs of Suburban Land Development (Winnipeg: Planning Secretariat of Cabinet, Summer, 1975), p. 13.

fringe land is now held in large parcels. In May 1975 approximately 33,000 acres of undeveloped land existed inside the Perimeter Highway. Of these 33,000 acres some 23,000 acres had potential to be developed in the next 20 to 25 years.⁵ (The area of developable land was based on estimates of the city's growth and the location of major land holdings. It must be emphasized that this area was not related to the proposals in the Greater Winnipeg Development Plan) At that time four private development companies, B.A.C.M. Industries Ltd., Ladco Company Ltd., Qualico Developments Ltd., and Metropolitan Properties Ltd., owned 10,000 acres in this area. In addition, the publicly owned Manitoba Housing and Renewal Corporation owned 3500 acres in a public land bank. Between them, private and public land banks controlled some 60% of the land in the Winnipeg fringe which had development potential. A considerable area of land is also held under option by private companies so that they exert control over an even larger proportion of the land market.⁶

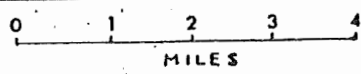
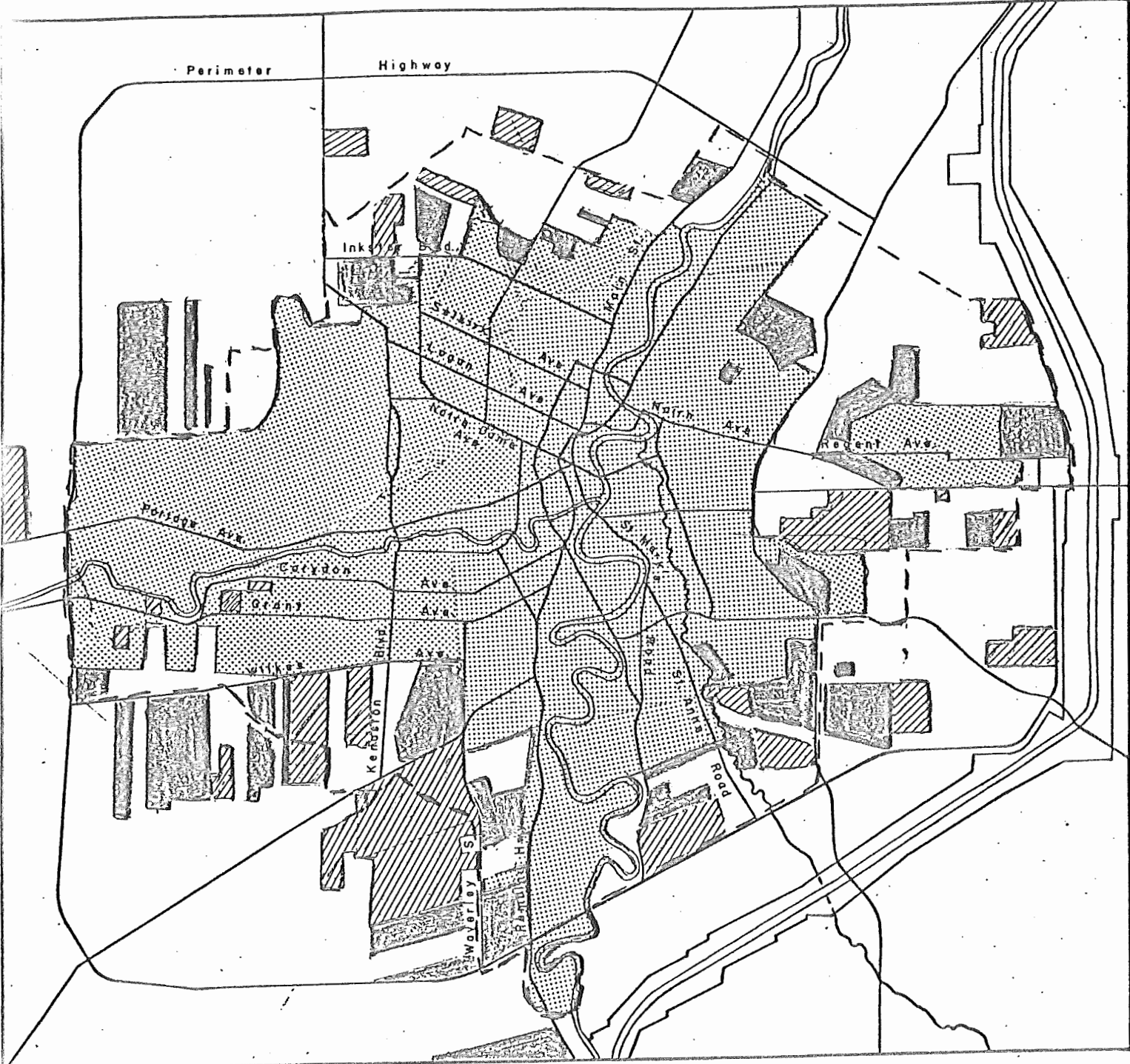
Landbanking has continued to increase and by mid-1976 more than 20,000 acres of land lay in land banks owned either by the few major private developers, the City of Winnipeg, or MHRC. The Greater Winnipeg Development Plan has considerably restricted the area of land designated for future residential development so that more than 11,000 acres of public and private land banks now lie in "areas of no urban expansion" (TABLE II). In the areas where urban development will be permitted three-quarters of the land is now held in land banks. The remainder, estimated at 3000 acres, is held in small fragmented holdings.⁷

5. B.D. Thraves and W.R. Bloxam, The City of Winnipeg: Land, Materials and Labour; The Costs of Suburban Land Development. (Winnipeg: Planning Secretariat of Cabinet, Summer 1975), p. 11.

6. Ibid., p. 14.

7. W.R. Bloxam, "Housing Needs and Development Potential of Existing Landbanks," (A Report for Leaf Rapids Corporation, June 1976), p. 22.

MAP I. LOCATION OF PUBLIC & PRIVATE LANDBANKS





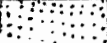

-  PRIVATE LANDBANKS
-  PUBLIC LANDBANKS
-  BUILT-UP AREA
-  DEVELOPMENT PLAN "LIMIT OF URBAN EXPANSION"

TABLE 11 LAND BANK HOLDINGS, MID-1976

	BACM	QUALICO	METROPOLITAN	LADCO	CITY	CITY/ PROVINCE	MHRC	TOTAL
Landbank Development Plan Designation	5,219	2,950	1,763	2,946	1,394	2,283	3,911	10,196
Living Area	321	535	835	179			59	1,929
Living Area Reserve	998	239	926	689		800	417	4,069
Working Area	561	65		101	947	520	353	2,547
Working Area Reserve		288					252	540
Area of No Expansion	3339	1823		1977	447	963	2834	4,383

SOURCE: W.R. Bloxam, "Housing Needs and Development Potential of Existing Landbanks," (Report for Leaf Rapids Corporation, June 1976), p. 7.

It is evident that land banks dominate the areas where development can be expected in the next twenty years. This concentration of land ownership probably forces housing land prices up since there is so little competition in the land market.

It has been suggested that the large acreages held by private developers in land banks outside of the planned areas of development are a reflection of their faith in the strength of the development plan⁸. Perhaps of more concern is the large proportion of the public land bank that is held in "areas of no expansion". More than two-thirds of the MHRC land lies in such areas while less than 500 acres of this public land lies in areas designated for residential development. One wonders at the purpose and acquisition methods of a public land bank when only 12% of its holdings lie in areas of planned residential development.

The objectives of the land banking programme have never been made clear. The MHRC Annual Report states merely that MHRC has been assembling land for future development purposes.⁹ A similar statement has been made by Mr. Miller, the Minister responsible for MHRC.¹⁰ A rather more definite policy for land banking was suggested in The Guidelines for the Seventies. This stated that public land banking could control the price of land and the use of land itself, if sufficient land could be acquired.¹¹ Nonetheless, it seems that there is no clear objective to the land banking programme and that land is often acquired solely because it is available. Evidently there is a need for a definite policy concerning the purpose of public land banking so that land can be assembled in accordance with the policy objectives.

8. Ibid., p.7.

9. MHRC Annual Report 1974/1975, (Winnipeg, 1976), p. 6.

10. Debates of the Manitoba Legislative Assembly, (23,30,1976)p. 795.

11. Province of Manitoba, Guidelines for the Seventies: Volume 3, Regional Perspectives (Winnipeg, 1973), p. 22.

The M.H.R.C. land banking programme has been in effect since 1971 and by mid 1976 its 3911 acres in 18 different parcels represents the second largest landbank in Winnipeg. (TABLE III) The costs of these acquisitions have ranged from \$803.72 per acre for a site in St. Vital to \$5,081.87 per acre for part of a major parcel in Fort Garry. The average per/acre purchase price for all of these properties is \$2,674.85.

TABLE III MHRC LANDBANK ACQUISITIONS IN WINNIPEG

Year	1971	1972	1973	1974	1975	1976
Acreage Acquired	252	-	820	2190	292	357
Cumulative Total	252	252	1072	3262	3554	3911

SOURCE: MHRC Annual Report 1974/1975, p. 21

If this land "has been acquired with the long run goal of reducing lot prices",¹² then this must remain as a long term goal due to the unfavourable location of the land bank holdings relative to the probable course of development in Winnipeg over the next decade. A report written for the Leaf Rapids Corporation has analysed when these holdings can be brought on stream¹³ (TABLE IV). Only 59 acres, all in Charleswood can be considered as suitable for immediate development while another 518, at three

12. S. McFayden, op. cit., p. 26

13. Bloxam, op. cit., pp.-20-22.

TABLE IV PROSPECTS FOR DEVELOPMENT OF MHRC LANDBANK HOLDINGS (IF WINNIPEG
DEVELOPMENT PLAN IS ALTERED)

<u>Building Commencement Time</u>	<u>Area</u>	<u>Acreage</u>	<u>Years of Supply</u> *
Immediate (before 1978)	Assiniboine Park	59	1 year
Short Range (1978-1981)	St. Boniface	197	5 years
	West Kildonan	59	1 year
	Lord Selkirk	262	6 years
Medium Range (1981-86)	West Kildonan	52	1 year
	St. Boniface	244	6 years
	Transcona	20	1 year
	Fort Garry	1263	30 years
Long Range (1986 +)	Transcona	30	1 year
	Springfield	116	3 years
	St. Boniface	28	1 year
	St. Boniface	50	1 year
	Macdonald	180	4 years
	Assiniboine Park	295	7 years
	Assiniboine Park	375	9 years
	Assiniboine Park	200	5 years
	St. James-Assiniboia	260	6 years

* Years of Supply based on 40 acres production per year per area.

SOURCE: W. Bloxum op. cit., p. 21.

different locations in the city, may be producing housing by 1981. These short range prospects total less than 600 acres for a time period when it is estimated that some 4000 acres will be consumed for residential development.¹⁴

Bloxom has suggested that a 20% share of the market would be enough to affect prices¹⁵ while McFadyen considers that a public land bank needs a 60% share before it can dominate the market.¹⁶ Similarly, Derkowski suggests that only when the land bank produces a substantial proportion of lots can it control prices. He considers the key solution to lot prices to be the adequacy of supply relative to demand rather than the nature of land ownership.¹⁷ It would therefore seem that the MHRC landholdings are insufficient to have much, if any, effect on the price of residential lots for the next five years at least.

In the medium term (1981-1986) holdings comprising a maximum of 1579 acres could be brought on stream. It must be noted, however, that 1200 acres are contained in one parcel in Fort Garry which will probably take 25-30 years to develop entirely. Thus, a more realistic figure for this time period would be the development of about 600 acres of public land bank. This might be enough to have a marginal effect on lot prices, but it is far short of the amount required to dominate the market.

More than 1700 acres of MHRC land cannot be considered as anything but very long term land, since development could not begin on this land before 1986.

14. Winnipeg Five-Year Capital Development Plan, p. 16.

15. Bloxom, op. cit., p. 30

16. McFadyen, op. cit., p. 6n.

17. A Derkowski, "The Effects of Planning Controls on Housing Prices". (A presentation to the Urban Land Symposium, Calgary, November 1976), p. 24.

It can be seen that the present MHRC land bank cannot begin to affect the property market for at least another five years. It is more likely that the landbank will not begin to have an effect on housing prices in general until the mid-1980's.¹⁸ These effects will only be felt if the present development plan for Winnipeg is altered to permit development of the MHRC land. The present plan is about to be reviewed and it may be appropriate to suggest that attempts should be made to include more of the public landholdings in the development area of the revised plan. For these areas to be included in the development plan, major changes will be required in the city's strategy for providing services due to the outlying locations of the MHRC land. If the province wants these lands to be developed in order to reduce housing prices, then it will have to contribute to the additional costs incurred in servicing the land. To achieve a more immediate effect on land prices perhaps MHRC could also move to acquire some of the 3000 acres that now lie in scattered small holdings within the zone of development. However, such land which is close to the development stage would undoubtedly sell at a high price with the result that few, if any, savings could be passed on to home purchasers in the next few years.

The unfavourable location of most of the current MHRC holdings leads one to question the process used to acquire land for the land bank. If the land is to be obtained to help reduce residential land prices, then it should be bought in locations which can be developed and in sufficient quantities that it can influence the market. It is especially important that such land can be developed over the next ten years because a large part of the current demand for housing is a result of the post war "baby-boom" generation reaching the house-buying stage. Within ten years this demographic demand will be on the decline with a resultant easing of pressure for new housing.^{18a} Without doubt the existence of large private landbanks has hindered the acquisition of suitable public land, but MHRC has been buying land for the last six years and should be beginning to show some results for its endeavours. If it is to have any effect on the market, the public landbank should be producing a minimum of 150 to 200 acres a year for residential development. The MHRC land bank remains five years away from such a possibility.

18. Ibid., p. 26.

18a. L. Auerbach Implications of the Changing Age Structure of the Canadian Population. (Ottawa: Science Council of Canada, 1976), p.54.

Similarly, if the land bank is to be used as a force to shape and direct the pattern of future development, it should be located in an area where it can affect development. Due to the outlying locations of most of the MHRC land this goal will not be achieved for several years. Even then, this is a goal which should be questioned due to its costs. Other methods of directing development can be more cost effective. Aside from the use of appropriate planning legislation, development patterns can be controlled through the provision of services. New residential development cannot occur without adequate sewer and water systems being provided so that control over the construction of these services can effectively shape the course of future development

Between 1972 and 1975 some \$24.8 million have been committed to MHRC land assembly programmes,¹⁹ the bulk of which has been spent on the Winnipeg area land bank. With purchases before and since then the total spent on land banking must be even higher. Since little has been produced for this investment and since little can be expected for at least a few years to come, one is entitled to ask if this money has not been largely wasted.

Unless public land banks can produce developed land they can act as forces which actually drive up the price of land. McFadyen argues that a public land bank introduces a well capitalized demander which is more reluctant to drive a hard bargain than is a private concern.²⁰ Spurr suggests that governments pay higher prices for land since they attempt to be scrupulously fair to all land owners.²¹ The MHRC landbank has probably contributed to higher prices in this manner. It is unlikely, however, that it can be charged with restricting supply and thus driving prices still higher since so little of its land is in immediate demand for development.

Even if a public land bank can provide reduced lot prices, this is a function which should be questioned carefully unless the land bank can dominate the market so that all land prices, both public and private, are reduced

19. MHRC Annual Report 1974/75, p. 19.

20. McFadyen, op. cit., p. 26.

21. P. Spurr, Land and Urban Development: A Preliminary Study, (Toronto: James Lorimer and Co. Ltd., 1976), p. 249.

or unless there are restrictions on who can purchase housing on the lower cost public land. If only the public land is reduced in price, purchasers of housing on this land receive a subsidy from the general public while purchasers of other new housing or existing housing do not receive such a subsidy. Therefore, unless the influence of lower land prices is universal, purchasers of housing from the public land bank should be restricted to those who could not afford housing without this subsidy. There should also be regulations governing the length of time purchasers of reduced cost public land and housing hold their property.

When there are no such restrictions on holding time, purchasers can obtain the public land property at the reduced public price and then immediately sell it again at the higher, prevailing market price. Such speculative activities have been observed in Edmonton²² and in Western Australia²³ when there have been no regulations concerning holding time and when the public land bank does not dominate the market. This has since been overcome in the Edmonton case by requiring purchasers of public land to take out a second mortgage for the property.

There are some other criticisms of public land banking with the aim of land price reduction. By reducing the price of new suburban housing, public land banking increases demand for this form of land use thus encouraging further sprawl and growth of new suburban areas with their attendant high servicing costs.²⁴ It may be better from a planning and social viewpoint to invest the money used for public land banking on the rehabilitation of existing housing and development in existing areas. At a larger scale, the use of public funds to encourage further growth in metropolitan areas may be questioned and compared to the alternative of encouraging decentralization and growth in smaller centres. Certainly there appears to be a need to scrutinize the objectives of a public land banking programme very closely.

22. Mcfadyen, op. cit., p.6

23. Land Taxation and Land Prices in Western Australia: A Report of the Committee appointed by the Premier of Western Australia on the Taxation of Unimproved Land and on Land Prices. (Perth: Government Printer of West Australia, 1968), p. 39.

24. Spurr, op. cit., p. 250.

A public land bank can provide great benefits, but these can only be obtained if the land bank is large enough and suitably located so that it dominates the market. When this situation exists, the land bank is able to keep most of the value added to land by continuing urban development for the public rather than allowing this windfall to fall into private hands. This gain, if kept in public hands, could constitute an important revenue source for the government landbanking agency, with the revenue being used to sustain land banking and to assist in the costs of developing the land. Moreover, the land bank could still provide land at a lower price and provide land for social uses if there was a willingness to forego some of the revenue which it could generate if sold at a full market price.²⁵ These benefits could accrue only if the land bank is in a position to dominate the local market.

In concluding this analysis of land ownership within the Perimeter Highway, it can be seen that this has become highly concentrated. This has several implications for policies which attempt to control land prices. The unfavourable location of the public land and the large private land holdings mean that the public land bank can have little impact on prices for the next decade - a period when demand for housing will be most intense. The costs of acquiring an adequate public land bank which could be developed in the near future are awesome, if the land is to be purchased from existing private holdings. A minimum of 6000 acres would have to be purchased and this would probably cost \$15-\$20 million, even at historic prices. This does not take into account the difficulties in enacting measures to bring this about or the administrative problems in administering such an approach. If prices closer to market conditions were required to be paid, the costs would probably double. Thus, a public land banking programme is probably too late to be effective in controlling fringe land prices, except in the very long run.

25. ibid., p. 255.

There are however, other programmes which could be instituted to help lower the costs of land in the shorter term. A taxation system that could recoup some, or all, of the large gains to be made from land holding could provide revenues to assist in the costs of developing land. This approach has been suggested by William Teron, the deputy minister in the Ministry of Urban Affairs. He argues that a levy be charged to landowners whose land has been rezoned upward.

"In this concept the municipality would manage such a fund to finance the type of settlement patterns and services that it deemed desirable. The added value resulting from a change in land use would be recaptured by the community."²⁶

Provincial government capital should also be used to assist in the expenditure required to service land since the province can borrow at lower interest rates and because this would ease the financial strain on the municipality.

For long term control of land prices the present public land banking programme should be continued and expanded. However, this programme should be provided with clear policy objectives and should be better co-ordinated with the planning policies of the City of Winnipeg so that more rational land purchases are made. During the forthcoming Tri-level review of the Winnipeg Development Plan attention should be paid to co-ordinating the various government strategies now used for controlling land use. A combination of planning, public land assembly, and a servicing strategy can result in a better land use pattern and more economical residential land.

26. William Teron, op. cit., pp. 18-19.

B. THE OUTER FRINGE AREA: THE WINNIPEG-SELKIRK CORRIDOR

A phenomenon common to almost all metropolitan centres in North America in the past 10 to 15 years has been the growth in demand for an exurban life style. This is a situation where people reside in a rural setting but work, shop, and are entertained in the neighbouring metropolises. Typically, such people live in single family houses located on large lots of one acre or more. The level of services for such housing is considerably below that in a suburban subdivision since septic tanks and wells must be used to provide sewage and water services. The exurban lifestyle has been made possible by greater automobile ownership and the construction of freeways which allow direct, fast access to central city places of employment from outlying rural areas.

The attractions of rural living are many, for not only can one enjoy the natural, country setting but land prices and taxes are normally substantially below those prevailing in the city so that housing is cheaper. It is not surprising that the demand for exurban housing has been increasing steadily in the past decade as the costs of city housing have continued to rise. In the United States the exurban movement has reached the point where the population in 10 of the 12 largest metropolitan areas has begun to decline. Meanwhile the populations of surrounding rural areas have increased dramatically.

Winnipeg has not escaped the exurban movement. As casual inspection of any of the rural areas around Winnipeg will reveal, there has been a great increase in the number of houses built recently in these locations. It seems that the trend is continuing at an increasing rate with many implications for the future pattern of land use in the Winnipeg Region. Such housing demand naturally drives up the price of rural land and leads to great areas of agricultural land being consumed for new housing. Moreover, there are some serious planning and social costs which can arise from continued development on this pattern.

Since the exurban dweller is basically a commuter there is a limit to how far the demand for rural housing can extend past the contiguously built-up urban area. It is generally considered that the maximum acceptable commuting time is 45 minutes with the result that the commuting zone extends for about 30 miles in all directions from downtown Winnipeg.²⁷ This encompasses an area considerably larger than the City of Winnipeg's Additional Zone to which this commission has limited its enquiry. Undoubtedly pressure on land prices extends out past the Additional Zone to include all, or almost all, of the commuting zone. In response to the growing exurban demand in the Winnipeg Region, the Provincial Department of Municipal Affairs has instituted a Winnipeg Region Study Group to study the consequences of this development pressure with the aim of developing plans to ensure the rational use of land in the region.

Institute of Urban Studies has conducted research into the nature of land ownership in the Winnipeg-Selkirk Corridor since it was felt that development pressures were greater here than in other parts of the region. The Winnipeg Selkirk Corridor is an area extending back four miles from each side of the Red River between Winnipeg and Selkirk. This encompasses all of the municipalities of East and West St. Paul and part of St. Andrews and St. Clements Rural Municipalities. Although the portions of the corridor in St. Andrews and St. Clements are outside of the Additional Zone, and therefore outside of the terms of reference of this commission, we feel that the corridor should be treated as a whole.

The whole corridor is within the Winnipeg Region and is therefore subject to pressures for exurban type development with resulting pressures on land prices. Property prices in the corridor are surprisingly high. A 1974 study of land prices in St. Andrews found land values to be as follows:

27. Winnipeg Region Study Group, Winnipeg Region Planning Study Demand Analysis (Winnipeg: Municipal Planning Department, 1974).

i) Subdivisions: P.T.H.9 to Red River:

- Average \$5500/acre making the average lot price \$7600

ii) Individual parcels 3-30 acres:

- Average price \$1,600/acre
- River Road properties ranged from \$1500/acre to 17,500/acre²⁸

These prices can be compared to an average of \$2600/acre paid by M.H.R.C. for its land bank holdings in the inner fringe area of Winnipeg. Research on property transactions in St. Andrews has given some indication that vacant 1½ acre lots in subdivisions may now average as much as \$20,000.²⁹ If this is actually the case, it represents a dramatic increase over the 1974 prices reported by the Lombard North Report. This may be sufficient indication to show that the whole Winnipeg-Selkirk Corridor should be considered by this commission in its investigation of land prices.

There is also evidence that restrictions in the Additional Zone have encouraged development to take place further from Winnipeg. In the case of the Winnipeg-Selkirk Corridor this has meant additional development in St. Andrews and St. Clements (TABLE V). A similar situation has come to light in Springfield Municipality east of Winnipeg. Here the number of building permits for rural non-farm residences has increased dramatically since 1970 with the great majority of permits being issued outside of the Additional Zone (Figure 1). What is particularly frightening about the evidence from Springfield is that the standard planning measure of zoning for

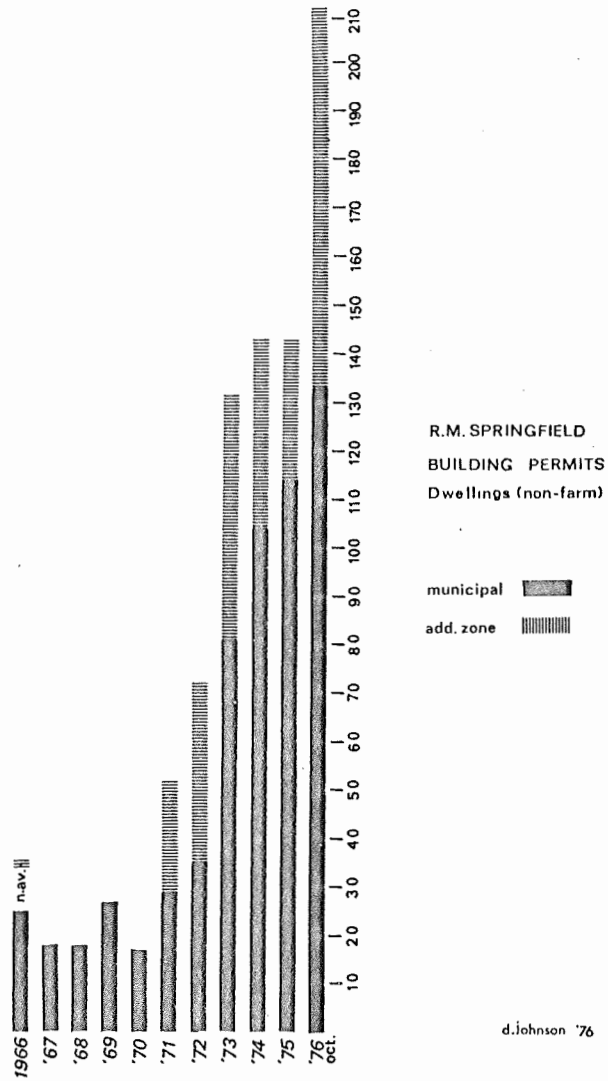
28. An Assessment of the Impact of Residential Development in the R.M. of St. Andrews. A Report prepared by the Lombard North Group Ltd. for the Manitoba Department of Municipal Affairs, 1975, p. 81.

29. Based on information contained in Business and Law Journal Digests, 1973-76.

TABLE V PROPERTY TRANSACTIONS IN THE WINNIPEG-SELKIRK CORRIDOR
JULY 1973-AUGUST 1976.

Municipality	July 1973-Jun 74	July 74-June 75	June 75-Aug76	Total
St. Andrews	18	55	78	151
St. Clements	4	16	24	44
East St. Paul	2	8	-	10
West St. Paul	3	21	8	32
TOTAL TOTAL	27	100	110	237

FIGURE 1 BUILDING PERMITS ISSUED FOR RURAL NON-FARM HOUSES IN
 SPRINGFIELD R.M. 1966-1976.



SOURCE:

D. Johnson "Housing Development in Springfield Rural Municipality."

40 acre minimum sized lots has not prevented pressure for residential development. (See Maps in Appendix II)^{29a} The effect of the Additional Zone is to force development further from Winnipeg thus increasing costs. It can be seen that much of the pressure on land is outside of the Additional Zone in the whole commuting area for Winnipeg. Inquiry into land prices therefore should not be limited to the Additional Zone but should encompass the whole Winnipeg region.

Whereas ownership of land in the fringe area inside the Perimeter Highway is highly concentrated with four private firms and two government agencies dominating the market with their large land banks, the situation in the Winnipeg-Selkirk Corridor is very different. Here almost all of the land is held in small parcels owned, for the most part, by local individuals. With the exception of West St. Paul, the amount of land owned by speculative companies and developers is insignificant. Although there are corporations which own large acreages throughout the corridor, these corporations are either corporate farms or industrial concerns.

Both land ownership and the land itself is very fragmented, as reference to Table VI will indicate.

With several thousand land owners in this corridor it is evident that a competitive land market exists in comparison to the situation inside the Perimeter Highway. Although some corporations own large acreages the amount of corporate owned land in proportion to the total area of the corridor is quite small. Only in West St. Paul do corporations own more than 15% of the total area of the municipalities in the corridor (TABLE VII). Again it must be emphasized that the bulk of these corporate owned lands are corporate farms, for example, Parkdale Dairy Farms Ltd. owns 1400 acres in St. Andrews and 1600 acres in West St. Paul.

29a. We are indebted to Mr. David Johnson for providing us with the results of his research for a term paper, "Housing Development in Springfield Rural Municipality" (An unpublished essay, University of Winnipeg, 1977).

TABLE VII ACREAGE OWNED BY DIFFERENT TYPES OF LANDOWNER IN WINNIPEG-
SELKIRK CORRIDOR

Municipality	Corporate	Government	Individual
St. Andrews	1,727 (15%)	1909 (8%)	17,824 (80%)
St. Clements	4094 (14%)	3746 (12%)	22,441 (74%)
East St. Paul	2041 (15%)	466 (3%)	11,579 (82%)
West St. Paul	5270 (27%)	1000* (5%)	13,260 (68%)
TOTAL	13132 (15%)	7121 (9%)	65,204 (76%)

* Approximate

West St. Paul was the only municipality in the corridor where there appeared to be any significant activity by corporations engaged in land speculation. 2750 acres (14% of the total area of the municipality) are registered to some 14 different companies who were assumed to be speculators since they were registered as investment, holding, or building companies. The largest holdings jointly belong to Stern Holdings Ltd. and Harry Walsh who have some 1300 acres registered in their names on the assessment roll for West St. Paul. These holdings may be "fronts" for other corporations or individuals. There is no evidence to indicate that any of the four principal development companies own land in West St. Paul or the rest of the corridor, they may, however, hold options on land - in which case their interests would not be recorded on the assessment rolls.

There is some evidence to indicate that speculation is being carried out by non-resident individuals in the corridor area, particularly in West St. Paul. A number of individuals with home addresses outside of the corridor were noted to own several parcels of land and it might be assumed that this land was owned for investment purposes.

The great majority of land owners in the corridor are residents, however. More than two-thirds of the land owners in St. Andrews and St. Clements were local residents while almost all of the remainder were Winnipeg residents. It is probable that many of these Winnipeg residents anticipate moving to a rural residence in the corridor at some future date since most of their holdings are not large (less than 5 acres). Thus the incidence of non-local land speculation seems to be quite small.

It is evident that the traditional bogey of the big land speculator is not present to any significant extent in the Winnipeg-Selkirk Corridor area. Instead, land ownership is highly fragmented with the acreage land parcel being less than 15 acres in area. This does not mean that speculation in land does not exist in the corridor. Indeed, land prices appear to be high as a result of pressure to subdivide agricultural land for rural residential development. Quite often, this subdivision is carried out by

carried out by local residents who are attracted by the profits which can be made from such actions.³⁰ Evidently the economic pressures to convert productive agricultural land into residential land are great in the corridor. These pressures, which have been widely decried for their effects in taking agricultural land out of production on the immediate urban fringe, extend out for a considerable distance from the built up area of Winnipeg and in the corridor, at least, they extend to Selkirk.

It may be appropriate at this time to discuss some of the other, less direct, costs of continued development on this pattern in the corridor area. These are costs which do not directly affect the price of land but which have to be borne by society in the long run. Estimates of growth indicate that 2200 new homes will probably be built over the next ten years in the St. Andrews part of the corridor alone. At the current 1½ acre standard for lot sizes this means land will be consumed for new residential development at an annual rate of about 385 acres in St. Andrews.³¹ Growth is unlikely to be as high in St. Clements and the St. Pauls, but will still be significant. Current planning proposals for St. Clements call for a major part of the corridor area to be rezoned for 1½ acre residences. This may mean that 500-600 acres a year in the Winnipeg-Selkirk corridor alone may be used for new housing. Considering that this represents only a fraction of the commuter zone, although perhaps the most desirable part, and considering that new suburban residential development in Winnipeg is only expected to consume about 600 acres a year, it can be seen that the demands

30. The Lombard North Group estimated the annual net income to be gained from agriculture in this area to be about \$50/acre. If the land were sold at \$1600/acre (the average price in the St. Andrews part of the corridor in 1974) interest alone would be about triple the income expected from agriculture. (St. Andrews Environmental Impact Assessment, p. 86). The price of subdivided lots in rural subdivisions was estimated to be \$5500/acre in 1974 so there is an even greater potential profit to be made from subdivision by the landowner. Against this however, must be paid the costs of subdividing and servicing these lots, although levels of service here are considerably below those in new suburban subdivisions.

31. St. Andrews Impact Assessment, pp. 82-85.

on outer fringe land for exurban type residences are considerable. If these demands continue to increase and the demand for suburban housing begins to decline, within a decade considerably more land will be consumed annually for housing in the outer fringe, or commuter zone, than will be used on the immediate fringe of Winnipeg. This will lead to very high land prices in the outer fringe area as well as a number of other serious problems.

What are these problems which will be created by continued development at the present, or an increased rate? There is a very real danger of groundwater pollution in areas where this development is most concentrated. Since exurban residences depend on septic tanks for sewage disposal and since the climate and most of the soils around Winnipeg are not really suitable for septic tanks, uncontrolled development could lead to an overloading of soils and waters with septic wastes. This could create a serious health hazard. Similarly, natural drainage is poor in the corridor area and further residential development will increase the load on the drainage systems to the extent that expensive improvements will be needed. As the exurban population grows, there will be increased demand for services such as schools and fire protection. Due to the low density of development, provision of such services will be expensive.³² Again, due to the low density of development and the distance from Winnipeg, residents will have to rely on private automobiles for transportation in an age when fossil fuels are becoming increasingly scarce and expensive. It is hard to envisage a less energy efficient pattern of development than the typical 1½ acre (or larger) rural subdivision.

The above problems are common to all exurban development in the Winnipeg fringe, but there are also problems particular to the Winnipeg-Selkirk Corridor. At the present time, peak hour traffic loads on P.T.H.#9 (Main Street) are already beginning to impede the safe flow of traffic.^{32a} Further housing

32. An example of the costs associated with low density uncontrolled development has just come to light in West St. Paul. There building permission for was refused to 23 landowners in a subdivision which was located far from any road because the municipality refused to built a 3½ mile road at an estimated cost of \$391,440 to provide access to the subdivision. Debbie Lyon, "Road Lack Stymies Landowners in Obsolete Subdivision," Winnipeg Free Press (Winnipeg: Tuesday January, 25, 1977), p. 8.

32a. St. Andrews Impact Assessment, p. 51n.

development to accommodate people who will almost all be commuters to Winnipeg will only serve to increase congestion and safety problems on Highway 9. In addition, M.H.R.C. is proposing a subdivision in Selkirk to accommodate about 1000 people. Since there is little employment growth in Selkirk, it must be assumed that the people to be housed in Selkirk will also commute to Winnipeg, thus further aggravating the situation on Highway 9. The result will be increased costs to society, either from congestion and accidents or from expensive improvements to the Highway.

A further problem in this area is a conflict in planning over different parts of the corridor. The City of Winnipeg is responsible for the Additional Zone, i.e. East and West St. Paul. Their plans call for the concentration of future development in East St. Paul around the community of Birds Hill. These plans are aimed at reducing the problems of low density sprawl and at keeping development reasonably close to Winnipeg so that services can be provided more cheaply. Plans proposed by the Department of Municipal Affairs for the adjacent municipality of St. Clements call for large areas of 1 and 2 acre residential development north of East St. Paul. This contradicts the purpose of the East St. Paul plans and will only encourage further exurban sprawl at a greater distance from Winnipeg. Moreover, this will put pressure on East St. Paul to allow similar development throughout the municipality rather than concentrating it in a limited area. Surely, better co-ordination of the various planning agencies with responsibilities for the corridor is called for.

Perhaps the biggest cost to society, regardless of where exurban development occurs is the loss of agricultural land. Even in Manitoba, the amount of agricultural land is limited and once converted into residential land this vital renewable resource is lost forever. It is therefore necessary that when agricultural land is developed for residential purposes that it be used as efficiently as possible. We have already seen that economic pressures to convert farmland into residential land are great in the corridor area. We have also seen the large amounts of land that are required for exurban residential development. We have further seen that there are many indirect costs which will probably result from continued development on these lines. We must

ask ourselves how much longer we are willing to, or able to, afford such extravagant use of land and resources.

If the demand for a rural lifestyle is to continue in the Winnipeg region, alternative, much more compact, forms of development will be needed. One possible solution would be the clustering of future development in villages or hamlets. This could be achieved by appropriate zoning but would result in considerable political problems. The problems centre around the fact that the zoning of some areas for intense development and others for no development would mean that the land values for the developable area would increase dramatically while they would decrease in areas where no development was now permitted (assuming that limited development was previously permitted on this land). Thus some landowners could reap large windfall gains while many others would suffer losses as a result of a planning decision. This could lead to pressures to change the planning scheme from those parties who could expect losses in the value of their land.

One possible solution to this dilemma is the concept of Transferable Development Rights, or TDRs. The TDR system works as follows:

(Suppose) it is in the public interest that a particular area be kept in agricultural production, while the market considers the land ripe for residential development at a density of so many dwelling units per acre. When the land is zoned for agricultural use, owners of land are issued TDRs based on such a density. Although they are prevented from developing their own land, they may sell the TDRs to owners in another zone where higher density development is appropriate. In the "transfer zone" owners need TDRs in order to increase the permitted density.³³

In theory the TDR system is admirable, but it is not without its practical difficulties. Administratively it could become a nightmare since the value of TDRs would have to be assessed and inevitably there would be appeals against the number of TDRs assessed for each property. In addition, an administrative mechanism would have to be established which could oversee

33. M. McCandless, "Land Use Planning: The Financial Implication" (Presented to the Urban Land Symposium sponsored by the Canadian Council of Social Development, Housing Committee, Nov. 1976), pp. 16-17.

and register the sale and transfer of these development rights. These problems may negate the benefits to be gained from the system. TDRs have not been used in Canada and the results from their application in various parts of the United States are not clear at this stage.

Another way of tackling this problem has been used successfully in Saskatoon. There the Community Planning Act permits the replotting of existing plans of subdivision with the land being redistributed among the original owners on a pro-rated basis if the consent of the owners of two thirds of the land is forthcoming. This can result in a more orderly pattern of development. Undoubtedly this has been facilitated in the Saskatoon case by the city being the majority land owner in most cases of replotting.³⁴ The landowners are still able to obtain the windfall gains arising from the increased development potential of the land although all share in the gain. Whether such a system could work in the Winnipeg-Selkirk corridor area, where ownership is so fragmented, is questionable.

The new Manitoba Planning Act, which came into force in 1976, was enacted largely in response to the problems created by exurban development. However, this legislation may be too late to have much impact on the corridor area. Immediately before the act became effective there was a great rush to have subdivisions approved for the corridor. This means that considerable development is now occurring or is yet to occur which need not conform to the provisions of the new act. Moreover, the time taken for a specific plan for the area to come into effect means that further development will take place for a number of years before a plan is drawn up. It is estimated that a plan for St. Andrews will not be ready before 1979. By then the amount of housing may be so great that the potential ill-effects of exurban development will be felt regardless of whether a plan exists to control them.

To sum up, the pattern of land ownership and development in the outer fringe area, as typified by the Winnipeg-Selkirk Corridor, presents problems for which there are no easy solutions. Public land banking is not practical, on grounds of cost, administrative difficulty, or public acceptability, for an area as large as the Winnipeg Region. To be effective the public land bank would have to control almost of the region; partial control would not suffice since development would go elsewhere in the region. Restrictions

34. Spurr, op. cit., pp. 320-321.

on development in the Additional Zone have only served to send residential development further out (thus adding to costs) and a similar effect would be likely if the land bank only partially controlled the region. In any event, public land banking would be made extremely difficult due to the highly fragmented pattern of land ownership. Therefore other solutions are demanded. Planning is needed and is, in fact, in the process of being implemented. However, this process is so cumbersome that it may be too slow to be effective. Plans for the Selkirk corridor area are unlikely to be completed before the end of the decade. Moreover, the present planning practice of 40 acre zoning to prevent unwanted housing development does not serve this purpose, if experience in Springfield municipality is any indicator. Thus a new planning approach is required.

Until such plans can be put into effect an immediate freeze on rural residential development in the Winnipeg Region should be implemented. This can only be done by the Provincial Government. Some area of development may be designated but the rest of the region should be frozen to development.

This can be achieved by Section 12, subsection 1 of the Provincial Planning Act which allows the cabinet to establish, by Order in Council, a Special Planning Area where development is frozen pending the establishment of legally binding land use policies. Then, development would only be permitted if it accorded with these land use guidelines. To be effective it is vital that these guidelines be specific for example, no residential building on Class I or Class II agricultural land, or where there are environmental constraints against housing. Such action by the cabinet could be justified on the basis of protecting prime agricultural land. Some form of compensation would probably have to be paid to people who would no longer be able to develop their properties.

Once the plans for the area come into effect this freeze could be lifted and control could be based on the plan and other mechanisms available to the government. Perhaps the most effective of these would be a service strategy co-ordinated with the plan. The strategy would outline where and what sort of services would be provided and could thus influence the course of development. In addition, the Provincial Land Use Committee has a number of means available to it for controlling new, rural subdivisions. In combination these approaches could ensure more economic development which

would result in a rational pattern of land use that preserves prime agricultural land and reduces environmental problems while retaining the benefits of rural life.

Although the inner and outer fringe areas differ considerably regarding the nature of land development and ownership they share in common the phenomenon of rapidly rising prices. Public policies to control prices and development have not worked in either location and may in fact have helped to drive up prices. What is needed is an immediate, co-ordinated approach using the combined forces of planning, land banking, taxation, legislation, and the supply of services. The need is immediate because the pressures will be greatest in the next decade. Demand for new housing in the inner fringe will probably decline after ten years. In the outer fringe development is now increasing so rapidly that it may be too late if corrective action to ensure rational land use is not soon taken.

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MHRC Landbank Acquisition and Holding Costs

Property	Purchase Price (Per Acre)	Mar 31/76 Balance	CMHC Loan Rate
Armstrong ①	3490.32	251,294.27	8%
Fraipont (197) ②	1924.20	560,131.48	8%
Dieter/Petriw ③			
Dieter	4139.89	992,346.37	8%
Petriw	5049.64	345,131.14	8 5/8%
Westwood ④	6085.00	128,955.07	9 3/8%
Halprin ⑤	2769.29	171,525.93	8%
Hooker/De Meyer ⑥			
Hooker	897.28	238,217.66	8%
De Meyer	1086.20	71,770.72	8%
Fraipont (244) ⑦	2953.77	852,551.46	8%
Schreiner ⑧	1999.19	70,121.11	8%
Monroe ¹ ⑨	4000.00	1,504,000.00	8 1/2%
Youngwood ⑩	2203.73	513,206.26	9 3/8%
Findlay ⑪	1350.00	163,960.18	8%
Ft. Garry ⑫			
A & M	2102.80	50,340.12	8%
Lomar	2504.18	910,846.02	8 5/8%
Aljac	2755.39	1,130,237.25	8 5/8%
Masson	3871.97	55,426.02	10%
Bate	3150.00	1,473,700.89	10%
Elias	3144.21	304,103.77	10%
Gregorchuk	2708.33	138,526.77	9 3/8%
Dewey	5081.87	20,427.62	10%

Matheson ¹	1896.21	258,258.24	8%
Sabray ¹	2026.43	65,339.13	8%
Budnik ¹	803.72	49,460.27	8%
Robertson ¹	1250.00	178,994.81	8%
Kozak ¹	1051.92	232,905.81	8%
Wilton ¹	1925.40	575,402.29	8%

¹ The Monroe property was not purchased with CMHC assistance.

Source : W. Bloxom, "Housing Needs and Development Potential of Existing Landbanks". A report for the Leaf Rapids Corp., June 1976.

APPENDIX II: HOUSING DEVELOPMENT IN SPRINGFIELD R.M.

These maps provide graphic evidence of the increasing demand for new rural non-farm housing in the Winnipeg Region. It is evident that the presence of the Additional Zone has served to force this type of development further from Winnipeg. Of particular concern are the large number of building permits being issued for lots of 40 acres and larger. Evidently attempts to control development by very large lot zoning are failing and are in fact adding to the problems of exurban development.

This information comes from David Johnson, "Housing Development in Springfield Municipality," an unpublished essay, University of Winnipeg, 1977.