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Hundreds of thousands moving to Calgary, making city unaffordable



Adam Toy || August 10, 2023



This is the second instalment of New Roots, a series from Global News that will look at how evolving migration patterns and affordability challenges have changed life in communities across Canada since the COVID-19 pandemic.

Calgarian Millie Winzinowich loves apartment hunting. And even when she's found a place to live, she always tries to keep a finger on the pulse of the rental market.

"I have always kind of prided myself in being able to find really gem apartments which are quite affordable, but also, you know, have a fun layout or some character," Winzinowich, a 28-year-old theatre professional, told Global News.

She and her common-law partner, a finance professional, had been in their apartment for less than a year when, earlier this year, their landlord informed them the unit had been sold, sending the couple on another apartment hunt.

Winzinowich said that on paper, they were “quite appealing” rental candidates – a full-time, employed couple with no kids and one pet cat. But those bona fides had little influence in their most recent search for a new place to live.

“It was just insane. I’m always on (rental listing website) Rentfaster and stuff, so I knew that the market was crazy,” she said.

Winzinowich attended most of the group showings. Often a single listing had 400 applicants.

“It also made you feel horrible because there’d be parents with two children and it was obviously the only (apartment) in their budget. And then you’d hear people with the owners, pleading for them to rent this place,” she said.



High demand for housing despite interest rates

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Up, up and from away

Average rental prices in Calgary

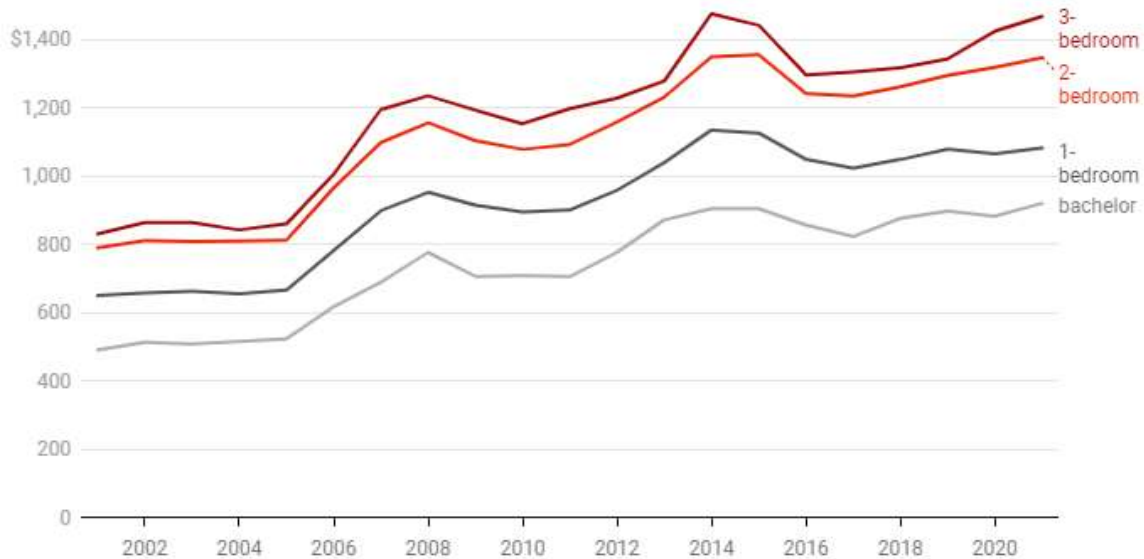


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Winzinowich's situation isn't unfamiliar to renters, but it seems to have worsened in recent months as Calgary's housing market has heated up.

The federal government's expanded immigration targets has brought more people to Calgary looking for a place to live. Interprovincial migration has also been driving up demand.

And like other cities, more than a decade of low interest rates and a pandemic-induced shift toward larger living spaces have left their marks on the market.

According to Rentals.ca, the average asking rent for a two-bedroom place in Calgary in July rose 14.5 per cent compared to last year, beating year-over-year rent increases in Vancouver, Toronto and Montreal.

Data from the City of Calgary shows rents citywide have increased by 25 per cent in the past year.

Provincial data shows average rent for two-bedrooms went up only 16.3 per cent from 2012 to 2021.

Average rental prices in Calgary

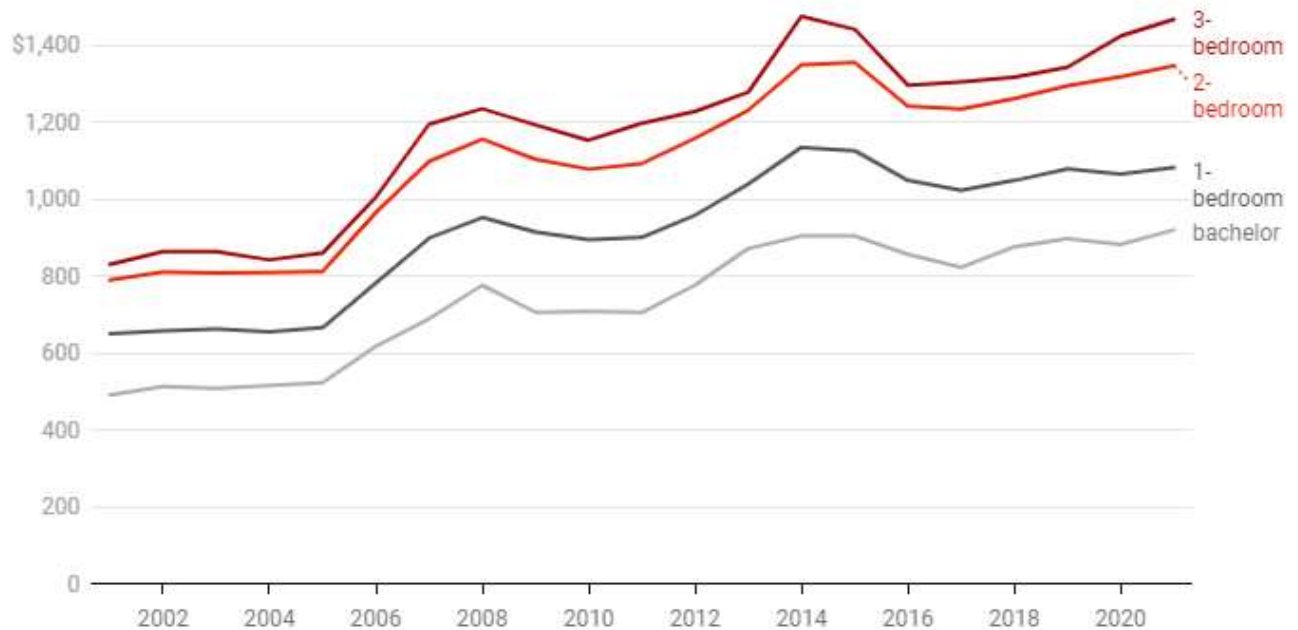


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Winzinowich and her partner were in the market for a two-bedroom apartment and, knowing they'd likely face an increase in rent, increased their budget by 20 per cent, 30 per cent and then by more than 50 per cent.

“It just became very clear that what we were looking for was a unicorn.”

A recent report from the Canadian Centre for Policy Alternatives showed that in Calgary, a person would have to make \$29.51 an hour to afford a two-bedroom apartment – nearly double the province's minimum wage.

Median home prices have also seen a recent jump, according to the Calgary Real Estate Board (CREB), with all residence types in the Calgary CMA up nearly 16 per cent since 2021. The past decade saw a 28 per cent increase.

Detached homes have seen a 28 per cent jump in median value since Q1 2021, and a 45 per cent increase in the past 10 years.

Median home prices in Calgary CMA

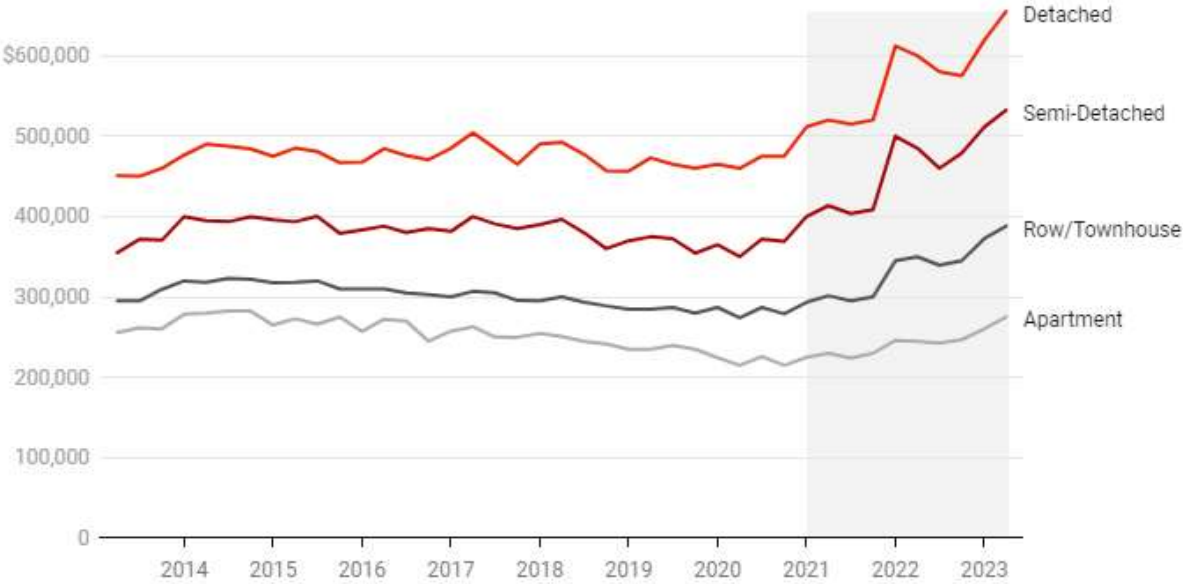


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This past July marked the seventh consecutive month of increased home sales and the strongest sales month on record, driven by apartment sales. The latest CREB report also shows home sales were 18 per cent higher than last year.

The recent upswing in prices is bucking a more traditional trend in the southern Alberta city.

“In my career, now spanning almost 23 years – and my father was a realtor before myself – all of our movements in an upward direction have been tied to oil and gas,” Christian Twomey, CREB chair, told Global News.

“In this scenario, we’re seeing that it’s a little bit different. We’re seeing that this is tied to simple economics. This is tied to supply and demand. And currently there are more buyers on the street or higher demand than there are homes that are available for sale.”

Declaring a housing crisis

Seeing signs of problems in the city’s housing market last summer, Calgary city council put together a housing and affordability task force to provide advice and policy recommendations “along the entire housing continuum.”

The task force found more than 80,000 households in the city are paying more than one third of their income on housing, and one in 10 households are at risk of homelessness.

Individuals earning less than \$87,000 per year have affordable access to only 40 per cent of the city’s market housing, the task force said.

The median individual income in the city in 2020 was \$44,250 and three-quarters of Calgarians earn less than \$80,000 per year, according to Statistics Canada data.



In June, the task force presented a suite of recommendations that focused on three outcomes: increasing and diversifying the housing supply in Calgary, strengthening the ties within the housing sector, and improving living conditions for people in rental housing.

The task force also recommended removing parking minimums for developments and using the same land use classification for detached, semi-detached and row housing, to remove barriers to building more housing.

The recommendations were narrowly rejected by council that afternoon, but an overnight uproar from citizens in all four quadrants of the city pushed councillors back to the table to find a way to not lose all of the task force's work.

Council reversed its initial decision and will take a closer look at the recommendations in the fall.



'Wartime effort' needed: councillor

The task force said Calgary has added 100,000 people over the past four years — the highest rate of inbound migration in recent years — and another 110,000 are expected in the next four years, putting more demand on the city's housing market.

Coun. Courtney Walcott, whose ward includes a diverse mix of inner city and established neighbourhoods, said he'd like to see a "wartime effort" to build housing akin to the rate new houses were built following World War II.

"If the federal government is bringing in half a million immigrants per year and we know that a healthy vacancy rate is what helps to keep supply-side housing in an affordable place, you better be building half a million houses," he said.

"Purpose-built rentals will always be in demand because it is a housing style that is protected from the ebbs and flows of the economy. ... Affordable

rental is the backstop that is required for the entire economy to not lose housing as a basic need.”

Statistics Canada estimates some 46,600 net interprovincial migrants have come to the province between Q3 2022 and Q1 2023. The previous highwater mark for net interprovincial migration in the past two decades was 13,765 in 2005–06.

The “Alberta is calling” advertising campaign launched by the province in August 2022 tried to lure “skilled, educated and motivated talent” from Vancouver and Toronto – and later Ontario and Atlantic Canada – to come to Alberta.

The Alberta government announced plans Monday, Aug. 15, 2022 for the “Alberta is Calling” talent recruitment campaign. **Global News**

One of the selling points was comparatively low housing prices, a value proposition that remains when comparing Calgary to the country’s largest cities.

Royal LePage data shows the median price of a detached home in the Greater Toronto Area was \$1.48 million in July. A similar home in Vancouver is bumping up against \$2 million. The benchmark price for a detached home in Calgary that month was less than half: \$690,500.

“We’re watching the gap close quickly between us and the other major municipalities in the country,” Walcott, a former teacher who moved to Calgary from Toronto, said.

The city councillor said he’s doing what he can to address the housing crunch and has been a vociferous supporter of building more and more dwellings of all sorts – market and affordable – in his first term in office.

“I’m doing what I can to support making affordable housing easier to build. But it only works if the provinces and the feds wake up one day to the core root problem here, which is the financialized housing system,” Walcott said.

“It’s not a very good political situation to try and solve, but it doesn’t mean it’s not the right one.”



Pockets of affordability

Maya Kambeitz was one of the civilian members of the task force and is also the CEO of Norfolk Housing Association, one of the few housing organizations in the city aiming to keep living costs affordable in the city of 1.4 million.

Norfolk owns and operates six walk-up apartment buildings in the central neighbourhood of Hillhurst-Sunnyside and was started in the 1970s using funding from the Canada Mortgage and Housing Corporation (CMHC).

“There were established schools and recreation facilities (in the neighbourhood), and (the founders) wanted to make sure that families could stay, and the schools could stay open, and that the community remain diverse,” Kambeitz said.

“Half of our residents pay rent that’s directly geared to their income and the other half of our residents pay full market rent.”



That mixed-income model has allowed Norfolk to keep their 139 units in “very good condition,” but the group might have to replace its aging buildings in the coming decade or two, a problem other housing cooperatives in the city are wrestling with.

“There is a significant challenge for many providers who were supported by federal initiatives back in the ’80s,” she said, noting a large proportion of purpose-built rental units were converted to condominiums in the mid-2000s.

Kambeitz is personally familiar with housing insecurity: her family escaped the Bosnian War to move to Calgary in 1994.

Having been with the housing association since 2009 and being in the housing sector through two separate economic cycles, Kambeitz said recent anecdotes and data paint a grim picture.

“I think Calgary is very close to being a very unaffordable place to live,” Kambeitz said. “I think, for many people, that crisis is already here, they’re experiencing it and they have been experiencing it for a long time.”

“But I do feel that Calgarians are problem solvers. I do believe that we see housing and affordable housing as something that is a basic human need, and we see it as really critical to our economic prosperity and well-being.”

Buying in a new reality

Recent data released by the City of Calgary showed residential building permits issued in the first half of 2023 were down seven per cent year-over-year, but overall value of the projects were up by 13 per cent.

Applications for multi-residential outpaced single and semi-detached in Q2 2023, which the city interpreted as an indicator of builders responding to market needs.

“As we remain on track to reach our projected population of approximately 1.5 million people by 2028, strong investment in building our city is more important than ever,” Stuart Dalglish, general manager of planning and development services, said in a statement.

CREB chief economist Ann-Marie Lurie doesn’t anticipate seeing any “significant shift” in Calgary’s real estate market in the short term.

“We can start to see inventory levels start to change, it just hasn’t happened enough yet,” Lurie said. “I think that this lower inventory scenario will likely continue to play out for several months more until something starts to shift.”



Twomey said purchasing a first home is still possible in the city, but market forces are influencing what is being bought.

“I have not yet had a customer that has been unable to purchase a home in Calgary – it hasn’t happened. However, what we are seeing is that expectations have changed and are changing. So somebody may have had an expectation of a single-family property and maybe now we’re looking at something attached,” the real estate agent said. “As prices move up, expectations change.”

Prior to having to find a new apartment, Winzinowich and her partner anticipated having enough money saved up for a down payment in the next year.

With spending more on rent now, they’re having to delay going house hunting by two or even three years.

“The biggest thing is what we’re trying to save for a down payment so that one day we could actually buy a property,” she said. “So we’d like to have that extra amount of income to put into savings.”

A good relationship with a previous landlord helped Winzinowich attend another group showing for an apartment at 11 a.m. She filmed it for her partner to virtually view the unit.

“And then they were like, ‘You have to tell us by 5 p.m. tonight. Like, you have to tell us now.’”

It was her third move in four years. And her partner started a new job the day after they moved.

“All of this is uprooting your life in such a huge way, anyway – it’s already a stressful time. But then to make these like rapid decisions and be so available, and be so at the whim of other people. It was, yeah, it was horrible, honestly.”