

## PERMITTING AFFORDABILITY: HOUSING POLICY IN THE CALGARY METROPOLITAN REGION

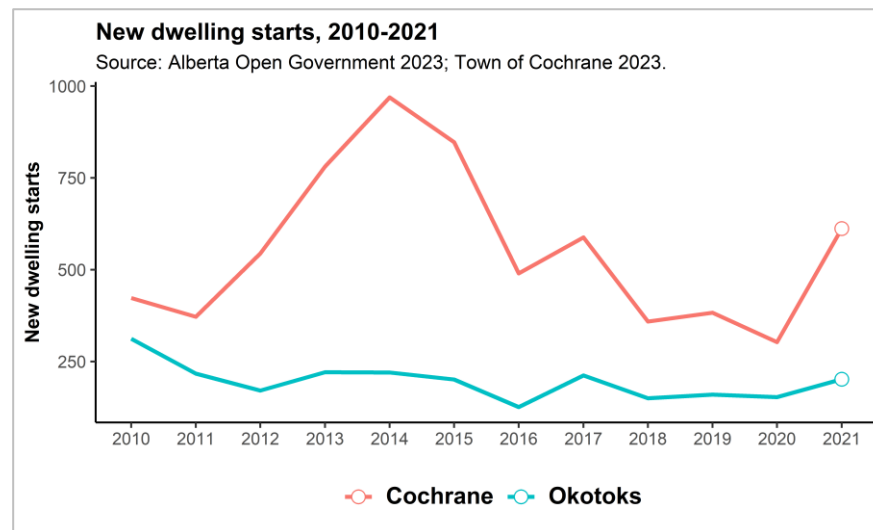
Data from two Calgary bedroom communities demonstrate how local policy choices affect the affordability of housing.

In the foothills of the Rockies, approximately 30-40 minutes driving time from downtown Calgary, two Alberta municipalities are taking very different approaches to housing construction. These towns, Cochrane and Okotoks, are similar [in many ways](#) – each boasted around 32,000 people in 2021, and both have a median age of 39.2 years. The median household income in Cochrane is \$127,000, compared to \$130,000 in Okotoks. A good portion of this income comes from Calgary – between 25-33% of the labour force in each town commutes to the city for work. With all these similarities, however, there is one distinct difference between the two municipalities – the cost of housing.

For the past decade homes in Cochrane have remained, on average, approximately \$40,000 cheaper than in Okotoks (author's estimate). Given the similarities between the two towns, it is unlikely that external factors are the cause. It is also unlikely that there is less demand for housing in Cochrane – despite similar population levels, the town has grown by roughly 6% each year compared to 2% in Okotoks over the same decade. Instead, the answer may lie with differences in municipal policies that [influence](#) the supply of housing.

Despite higher demand for housing in Cochrane, housing there is \$40,000 cheaper on average than in Okotoks, a town with similar demographic and economic characteristics. Higher permitting may be the reason, allowing the supply of new housing in Cochrane to match the higher demand.

The figure to the right shows this trend. The red line shows the number of new dwelling units in Cochrane from 2010-2021, while the blue line shows housing starts in Okotoks during the same period. On average, Cochrane built triple the amount of housing Okotoks did, and issues 5 residential building permits for every 2 issued in Okotoks. The variety of housing in Cochrane is also greater – multifamily dwellings represented approximately 46%



of new housing starts compared to 16% in Okotoks.

All levels of government influence the construction and cost of housing. All do so in the form of [fees](#) and [taxes](#) leveraged against new housing. The federal government and all provinces set their own [building codes](#) and may require their own [approval process](#) for new housing. Provinces also regulate land use, including agreements that restrict [future changes to property](#), and often fund infrastructure or public amenities in new communities. Municipal governments may wield the greatest influence on housing costs through [zoning regulations](#) which determine the type of housing that can be built; and building permits, which impact construction timelines and non-material costs of housing.

The population of Canada hit 40 million people this summer and Calgary is the fastest growing city in the country with a population over a million. More interprovincial migrants are moving to Calgary than anywhere else in Canada, and an estimated 100,000 immigrants, refugees, and temporary residents are expected in the next 3 years. Will the supply of housing be permitted to increase to match? Calgary permitting rates currently match Okotoks, but Cochrane provides an example that policymakers may choose to follow.