

# **SINGLE FAMILY LAND SUPPLY OUTLOOK.**

**OCTOBER 20, 2010**

**FACILITATED BY:**

# **SCIP**

**Shuswap  
Construction  
Industry  
Professionals**

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## **Executive Summary:**

This SCIP facilitated report came about as the result of concern amongst the development community regarding the availability of land for single family residential development within the City of Salmon Arm. The City's land inventory report appeared to indicate that there was adequate supply but this has not been the recent experience of the development community. This led to a discussion of the City of Salmon Arm's March 2010 land inventory report and addition to the inventory of parcel specific knowledge from the development community. The modified inventory was then used as a basis for a future land supply estimate. The main conclusion is that with the knowledge of the land development community added, the land supply estimate is significantly reduced. The reduction leads to a prediction of a land shortage for single family residential development. This shortage will become acute between 2017 and 2019.

Single family residential homes will continue to be a critical part of the City's growth. It is recommended that the city give consideration to measured adjustments of the Urban Containment Boundary to make appropriate parcels of land available for residential subdivision. Also recommended are measures to allow more flexibility in the way developments are serviced. These measures will improve the feasibility of subdivisions and therefore the amount of available land within the city.

This project was facilitated by SCIP. Research and report creation was completed by Adam Cseke and volunteer members of the land and building development community. City staff have been very helpful by providing their study results for use as a base for this report. Without the City land inventory report and the support of the City this report would not have been possible.

## **Introduction:**

The SCIP Board of Directors has been following the Official Community Plan Review process currently underway within Salmon Arm. The SCIP board and membership became aware of the City's March 2010 report titled "Analysis of Residential Land & Development Trends". This report generated discussion and interest amongst the Board and membership. It was decided it would be beneficial to facilitate a meeting of the land and building development community to discuss the report and to discuss land supply within the City.

SCIP represents construction industry professionals in the Shuswap area. It is important to note that the conclusions of this report are not intended to be a representation of the opinions or desires of SCIP membership. By creating this report SCIP hopes to make a positive contribution to the Official Community Plan process by presenting information that may not be otherwise available to participants.

A meeting consisting of 20 representatives of the building community was held on June 14, 2010. At the meeting, issues related to the amount of land available for development were discussed. A committee was then formed to examine the land supply issue further and to create a report for submission to the City. It was decided that the report should focus on the availability of land suitable for single family home development.

The City's March 2010 report contains estimates of the amount of land available for single family home development as well as historic data regarding the number of new single family homes built per year. This City report provided the basis for discussion of the land inventory and indeed has made the SCIP facilitated report possible.

On July 27, 2010, with a hired facilitator, seven representatives of the land and building development community met and worked out a land supply review strategy. The meeting and

the subsequent strategy relied on the City's March 2010 report as a basis for further land supply review. The result of this meeting and subsequent sessions is described on the following pages of this report.

### **Community Description:**

Salmon Arm is a City of approximately 17,000 people surrounded by farmland, rural areas and wilderness. While technically located within the Fraser drainage system, Salmon Arm is strongly influenced by the Okanagan Valley to the south. This influence includes shared tourism interests and strong economic ties. It is commonly expressed that people move to Salmon Arm because of its existing green spaces and the existing social and economic characteristics of the community. Essentially people move to Salmon Arm because of its current characteristics. Salmon Arm enjoys a relatively constant population growth rate that has led to the ongoing development of about 145 new dwelling units per year<sup>1</sup>. Of these, approximately 95 are new single family homes. Given that the Urban Containment Boundary has not appreciably changed in 10 or more years, the land supply within the town is being used up. As the land supply is used up a number of things happen. These include:

1. As development occurs on progressively more difficult parcels, the cost of new lots rises. This makes the cost of new homes higher. This is especially difficult for young families.
2. In theory, as the available land is used up, homes would become very expensive within the city limits. Before that happens though, people and developments would look beyond the city limits to other rural areas or other communities. This represents a loss of potential economic activity within the town.
3. The physical attributes of the town change – the green spaces, many of which are private land, will be diminished and there will be a trend towards uniformity of land use.

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<sup>1</sup> Analysis of Residential Land & Development Trends, City of Salmon Arm – 2010.

The green spaces and variety of parcel sizes are an important part of the character of the City.

4. There is a linkage between single family development and commercial/multifamily development. A shortage of single family homes sites will contribute to a corresponding reduction in the interest in commercial/multifamily developments. There may even be some pressure to construct single family homes in areas of the community where multi family housing is supported by the OCP. Therefore limiting the availability of single family homes within the City could also contribute to reduced vitality in areas such as the downtown core.

#### Diversity and competitiveness in the Region:

Salmon Arm is one of several communities within the region. Residents within these communities are in many cases able to move elsewhere within the region if need be to meet their housing needs. If one community were to maintain a policy that results in significantly higher accommodation costs, there will be a tendency for residents to move out of that area in favour of another. It is therefore important to avoid creating unnecessary housing cost increases as this will result in diversion of future residents to other communities.

There is no dominant industry that attracts residents to live in Salmon Arm, people move here and live here for a wide variety of reasons. In order to maintain a vital community it is therefore necessary to allow for a wide variety of housing types to adequately respond to residents needs. Not to do so could diminish the vitality of the City and its position in the region.

#### **Knowledge Integration Methodology:**

The objective of this study was to add the knowledge of members of the development community to the City's March 2010 report titled "Analysis of Residential Land & development Trends". Two key areas of knowledge within the development community were identified. The first of these is parcel specific knowledge. The second is achievable infill density (homes per

hectare of land). The parcel specific knowledge was added to the candidate parcel mapping in the City report. This added the development community knowledge to the initial estimate of land available for development. The second area of knowledge, achievable infill density, was then used to determine how many single family homes could be built on that land. The revised candidate land area multiplied by the achievable infill density gave the estimated number of single family home sites.

The two key areas of development community knowledge described in detail:

*Parcel Specific Knowledge:* Generally speaking each undeveloped parcel within the city has a characteristic which has thus far prevented its development. Some of these attributes are significant barriers to development, others are short term issues that will be resolved appropriately when the owner moves forward with development. For this study, the development community members present were asked "Which parcels of land within the City's low density land inventory have characteristics that, within the next 10 years, prevent their development?" The participants were asked to choose the nature of the impediment from the following list: Geotechnical (slope stability issues), Riparian Act Regulation Limitations, Owner resistance, Parcel geometry, and Cost prohibitive Servicing Limitations. A detailed description and discussion of each of these items is included in Appendix A at the end of this report. The development community parcel specific comments were added by hand to copies of the March 2010 City land inventory maps. For the parcels with geometric limitations, a different approach to removing them from the inventory was adopted. Because geometric limitations do not completely eliminate a parcel from development, a percentage reduction in available land was chosen. This percentage was estimated to be 25%. It was applied to all the remaining parcels within the inventory.

It is important to note that the method used to collect parcel specific knowledge is by default conservative. Put another way, it will underestimate the number of parcels that should be removed from the available inventory. This is because only the development community

members present in the July 7<sup>th</sup> 2010 meeting were able to point out unavailable parcels. There is very likely more parcels that could be removed from the available land base.

*Achievable Infill Density:* In order to estimate the number of lots that can be built within the remaining serviced and potentially serviced land, an estimate of the likely number of lots per hectare is needed. In this report, this has been referred to as the achievable infill density. The most reasonable approach to estimating density is to take data from recent or planned subdivisions. For this analysis, a total of eight subdivisions were examined and the number of lots per hectare calculated. The eight subdivisions include several completed within the last three years as well as two planned subdivisions. The Lakeview Meadows subdivision south of 20<sup>th</sup> Ave NE that was used as part of the City's March 2010 estimate of achievable density has been included in the calculation. A total of 221 lots totalling 19.04 ha were included in the calculation. The total number of lots divided by the area gave a density of 11.6 lots per hectare. The raw land area of 19.04 ha includes lot area new roads and park dedication. This is consistent with the land inventory which by default includes land that will become roads and parks.

A total of 59 bare land strata lots were included in the 221 lot total. Strata subdivisions can have smaller road and lot sizes that facilitate a higher overall density.

For the purposes of this analysis, a density of 12 units per inventory hectare has been used.

The estimated 12 units per hectare was then used to convert the area in the inventory to a number of single family dwellings. This allowed a direct comparison of the inventory numbers to historic annual single family home construction data. The City has kept accurate records of the number of building permits issued annually for single family home construction.

## Results:

The recorded parcel specific comments were added digitally to the City's March 2010 map. This map is shown in Appendix B of this report. The map shows which parcels were removed from the march 2010 inventory.

Below are two tables of areas of the City. The first table is serviced lands, the second is unserviced lands. The definition of serviced and unserviced is as found in the City's March 2010 report. Serviced lands are within 100m of the three main City services (water, sewer and storm sewer). Unserved lands are further than 100m from one or more of these services. Each table is broken into five columns to reflect four planning areas within the City. These areas are A,B,C, and waterfront. The fifth column is a total area for the whole City.

Each table starts with the same inventory number as the City's March 2010 study. The row below is the area of parcels removed due to the parcel specific limitations, below that the 25% reduction for geometric considerations is removed. At the bottom is the land available for development over the next 10 years.

Table 1 and 2 show how the land areas were estimated. Table 3 below shows the estimated Achievable Infill Density applied to each total area. Achievable Infill Density has been estimated to be 12 units per hectare.

**TABLE 1: SERVICED LANDS  
AREA (ha)**

	A	B	C	WATERFRONT	TOTAL	
CITY'S MARCH 2010 GROSS AREA OF SERVICED LAND	87	21	19	2	129	ha
PARCELS REMOVED BASED ON DEVELOPERS CRITERIA	-25	-6	-8	-2	-41	ha
AREA AVAILABLE AFTER PARCELS REMOVED	62	15	11	0	88	ha
25% REDUCTION FOR PARCEL GEOMETRIC LIMITATIONS	47	11	8	0	66	ha

**TABLE 2: UNSERVICED LANDS**

	A	B	C	WATERFRONT	TOTAL	
GROSS AREA OF UNSERVICED LAND	149	150	55	2	356	ha
PARCELS REMOVED BASED ON DEVELOPERS CRITERIA	-29	-7	-23	0	-59	ha
AREA AVAILABLE AFTER PARCELS REMOVED	120	143	32	2	297	ha
25% REDUCTION FOR PARCEL GEOMETRIC LIMITATIONS	90	107	24	2	223	ha

The City's March 2010 report shows that, on average, approximately 95 new homes are built within the City each year. This is based on building permit data and so the number should be quite accurate. If the serviced lot total from table 3 below is divided by the annual new home construction rate, 8 years of supply exist within serviced areas of the city. It is important to note that the serviced areas removed on the basis of parcel specific knowledge were removed on the assumption that the impediment to development would be in place for 10 years. In about 2015

**TABLE 3: PROJECTED INVENTORY OF SINGLE FAMILY HOMES ON SERVICED PARCELS**

	A	B	C	WATERFRONT	TOTAL	
AREA OF AVAILABLE LAND FROM TABLE 1	47	11	8	0	66	ha
AVERAGE INFILL DENSITY	12	12	12	0	12	homes/ha
SERVICED LOT HOME TOTAL	564	132	96		792	homes

792 divided by 95 homes/year = 8 years of inventory

the limits of the supply will start to be felt, When the 8 years of supply nears exhaustion in perhaps 2015, several things will occur. These include:

1. Some of the parcels in the un-serviced areas will be developed. Lots for sale in these areas will be at a higher price due to their higher servicing costs. Some areas will have experienced servicing improvements over the years but this will be a small percentage as the City's infrastructure programs do not include extension of oversized services into lower density areas.
2. The number of single family lots available for new homes will decrease as the eligible land available is used up.
3. The selling price for new lots will increase.

### **Conclusions:**

It is this reports conclusion that there will be shortage of new single family lots in the City within 8 years. This is a conservative estimate as there are very likely additional land parcels that should be removed from the inventory that remain unidentified at this time. Theoretically, the City would run out of viable sites entirely in 8 years. This is not realistic as new home purchasers would be compelled to purchase homes outside the City where prices would remain more reasonable. Along with these conditions in the single family home market the following additional impacts are expected:

- The accompanying loss of green space,
- The accompanying loss of neighbourhood diversity,
- A reduction in corresponding commercial and multifamily development,
- Diversion of growth, commercial and residential to outside the City, and
- A corresponding reduction in the economic vitality of commercial activity within the City.

## **Recommendations:**

The recommendations, listed below, are focussed on achieving a reasonable increase in the amount of suitable land available for development. This can be achieved in several ways. Moving the urban containment boundary is a key recommendation as it adds more land to the City. The balance of the recommendations are associated with the cost of developing the land. These latter recommendations point out areas where development costs could be reduced thereby bringing some parcels of land within the City back into an economically developable state.

This report is a step along the path to avoidance of a low density serviced land shortage. SCIP is willing to facilitate further participation with City staff or other interested parties in seeking solutions to this emerging problem.

### **Recommendation #1: Expand the Urban Containment Boundary:**

The Urban Containment Boundary has not been changed substantively in the last 10 years. It was created to foster the development of a relatively compact City. It is recommended that at this time, the Urban Containment Boundary be moved to include parcels of land suitable for residential subdivision. There are areas along the edges of the boundary that are not far from services and are of relatively low agricultural value.

### **Recommendation #2: Infrastructure improvements:**

There will be a shortage of available serviced land for single family lots. One option to increase the supply of land for single family development is to reduce the infrastructure construction costs for the development community. This will have the effect of moving developable land from "unserved" into the "served" state. There are many ways to achieve this, some are listed below:

1. Public/Private Partnerships: In order to make it possible for a developer to service a large parcel of land, a private corporation would build and own the major infrastructure

for the subdivision development. It would be built to City standards but revenues from the lot owners would be collected to pay for the infrastructure over time. Eventually, the infrastructure would be turned over to the City in good working order once the initial construction costs are recouped.

2. Servicing bylaw updates: The current requirements in the subdivision servicing bylaw contain some measures and methods that could be replaced with equally effective less infrastructure intensive alternatives. Alternate storm water management systems are one example.
3. Development Cost Charge and Servicing Cost Deferrals: Payment of Development Cost Charges for a single family development could be delayed until that home ready for occupancy or it could even be added to the annual taxes of the new home having been spread out over perhaps the first 10 years of occupancy.
4. City Infrastructure Additions: If the City built an extension of a water main, it could charge the new home owners for this improvement over time. This would avoid the developer having to complete this work at the time of subdivision. It is important to note that the homeowner would pay for this infrastructure as part of the purchase price if the City does not add it to the homeowner taxes.

## Appendix A: Removal Criterion Descriptions and Discussion

## Removal Criterion Descriptions and Discussion:

As an initial step in the process, the development community members came up with a list of typical reasons why a parcel of land would not be subdivided into single family home lots. These reasons were grouped into categories. Each category is described below. Many of the reasons relate to the cost of the solution. For example, many geotechnical problems can be solved by retaining walls or stabilization measures. Unfortunately the cost of these activities makes the development uneconomical and so it does not proceed. In the future, it may be that home sale prices have risen to the point where the measures can be accommodated within the development budget. The development community was therefore asked to use 10 years as a cut-off for availability. If the development will not proceed for the chosen reason, it must be a valid reason for a minimum 10 year delay in development. This 10 year horizon is intended to match the approximate life of the OCP.

Each of the categories are described below:

**Riparian Areas Regulation (RAR) Limitations:** Parcels adjacent to riparian areas are now subject to severe restrictions on development within a set distance of the stream. These restrictions include no ground disturbance, effectively removing the land from the developable area within the parcel.

**Geotechnical Restrictions:** Steep areas within Salmon Arm are typically subject to landslides and other related soils problems. Some typical examples include parcels below or to the west of "Apple Yard".

**Owner resistance/purchase price:** Given the small number of larger parcels available for development, the development community has, in many cases, talked to the existing owners about their plans as part of the process of acquiring properties for development. In some cases the current owner does not want to sell or develop their land and the parcel is likely to remain in this state for years to come. In some cases the owner has declined to sell or develop their parcel despite repeated approaches by interested parties. In some cases, the property may be available for sale but the asking price is too high, removing the viability of the project. To some extent, the high asking prices are there because there is a perception of limited supply of available parcels.

**Cost prohibitive Servicing Limitations:** Some parcels, shown on the City's March 2010 maps, have site specific servicing problems that require large infrastructure improvements. For example, a parcel may be fronted by a water main and therefore considered "serviced" but this water main would need to be upsized for four blocks to achieve the fire flows necessary. This burden is too great for the project budget so the subdivision does not go ahead.

**Parcel geometry issues:** Some parcels of land are shaped such that they do not allow construction of a road to provide access to the lots within the site. This is especially noticeable on 30<sup>th</sup> Street NE north of 30<sup>th</sup> Ave NE where on the east side there are a number of long narrow lots with large homes. Two or three lots would need to be combined to allow a residential subdivision. Compounding this problem is the presence of a large and valuable home that may be in the way of the subdivision.

## Appendix B: Updated Inventory Map