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New U of L study finds water issues a major concern of housing developers in the Calgary region

A new study by a University of Lethbridge water researcher has found that challenges in acquiring water have housing developers in the Calgary region worried about the effects on their industry and real estate, on home buyers and the economy in general.

“What struck me about the findings was that all housing developers in the study said challenges exist in acquiring licensed water allocations for housing development and for three-quarters of them, it is their biggest issue,” says Dr. Lorraine Nicol, a U of L research associate.

Nicol received funding from the Alberta Real Estate Foundation to determine if housing developers in the Municipal District of Foothills, Rocky View County and Okotoks, one of the fastest-growing regions of the province, experience or anticipate constraints in accessing water for housing developments.

She interviewed 15 housing developers to obtain their views of water challenges, the nature and source of the problem, the consequences and possible solutions. Nicol also assessed the potential impact a decline in housing construction could have on the real estate sector.

“The message from developers was clear. Housing development is a risky business, even at the best of times, and uncertainty around acquiring water compounds that risk,” says Nicol. “One developer stated ‘(Developers) have a checklist of ‘have to haves’ and you have to have them all. Water is one and if you don’t have it then development doesn’t happen.

Given no new licensed water allocations have been issued in the Bow, the Oldman and the South Saskatchewan River sub-basins for the past decade, housing developers find they sometimes have to navigate the water market. All of the developers Nicol interviewed believed obtaining licensed water allocations for housing development was challenging and 73 per cent called it a primary issue.

A majority, 60 per cent, believe water management in the region is political to the detriment of the housing industry. More than half said the source of the problem also relates to government processes. They identified factors like a perceived lack of provincial government understanding

of water, frequent ministerial changes and perceived unfair control being exercised by the City of Calgary, which has excess water licence capacity. They further identified politics involved in the Calgary Regional Partnership (CRP), an organization of 14 municipalities that works to ensure growth is sustainable, as contributing to the problem. Of the three municipalities in Nicol's study, only Okotoks is part of the CRP.

Most of the developers — 13 out of 15 — said water challenges create uncertainty for housing developers and, either now or in the future, will have a dampening effect on construction. Two out of three developers said the prices for new homes have increased because developers had to acquire water and pay top dollar for it. Two of the developers interviewed believe water issues will have a negative effect on the economy of the region in general.

In terms of the effect on the real estate market, Nicol estimated about 200 houses in the three municipalities constituted the resale of new homes each year. If new construction declined by 10 per cent, that could potentially result in 20 fewer new homes being resold.

All of the developers interviewed saw a need for the region to work together to arrive at a solution, although no clear consensus emerged as to the type of regional model that would work. Many developers mentioned tensions between municipalities in the Calgary region and some find flaws in the CRP. Others touted the Capital Region (Edmonton) model as a possible solution.

This news release can be found [online](#).

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