Banff Housing Corporation

Housing Portfolio Assessment

Banff, Alberta

April 2025

nblc

N. Barry Lyon Consultants Ltd.

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Banff Housing Corporation

Housing Portfolio Assessment

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Disclaimer:

The conclusions contained in this report have been prepared based on both primary and secondary data sources. NBLC makes every effort to ensure the data is correct but cannot guarantee its accuracy. It is also important to note that it is not possible to fully document all factors or account for all changes that may occur in the future and influence the viability of any development. NBLC, therefore, assumes no responsibility for losses sustained as a result of implementing any recommendation provided in this report.

This report has been prepared solely for the purposes outlined herein and is not to be relied upon, or used for any other purposes, or by any other party without the prior written authorization from N. Barry Lyon Consultants Limited.

Executive Summary

N. Barry Lyon Consultants Limited ('NBLC') has been retained by the Banff Housing Corporation ('BHC') to assess how the current housing portfolio is meeting the needs of current and future residents. Specifically, this work seeks to identify how the Equity Share Ownership Portfolio, which does not have price restrictions and has appreciated in value rapidly over the past decade alongside the wider housing market in Banff, can be realigned with the needs of moderate-income households, either partially or fully, while also protecting against rapid price appreciation over the longer term.

The following summarizes the analysis and findings of this report.

BHC Housing Portfolio

The BHC has three distinct portfolios within the housing stock it manages:

- **Below-Market Rental Housing:** Rental homes offered to low- and moderate-income households in the community.
- **Below-Market Ownership Housing:** Ownership properties provided to qualifying households in the community and where the BHC owns a proportion of the home. Due to the BHC owning approximately 13% to 35% of the property, the homeowner is only required to purchase 65% to 87%, which allows the homes to be offered below market value. Within this portfolio, there are two separate streams:
    - **Price Restricted Properties:** The property is only permitted to appreciate by a maximum of 2% each year. This price restriction helps to maintain affordability in the portfolio over the long-term.
    - **Equity Share Properties:** There are no price restrictions in the portfolio, which allows these properties to increase in value in tandem with the broader housing market. While the BHC ownership stake allows these properties to be offered 13% to 35% below market value, real estate values have been escalating rapidly in recent years. This has resulted in the portfolio becoming increasingly unaffordable to many households in the community, regardless of the BHC equity stake, which also creates uncertainty regarding the long-term sustainability of the portfolio and its ability to provide housing that is affordable to workers and residents in the Town.

While the Rental and Price Restricted Ownership properties appear to be serving their mandate, the Equity Share properties are experiencing challenges from an affordability and long-term sustainability perspective. Of note, the Equity Share Portfolio makes up nearly 50% of the entire BHC portfolio (**Table i**).

Banff Housing Market

Section 2 of this report provides an analysis of Banff's housing market, with several key findings:

- The rental stock is significantly constrained with limited availability and rapidly rising rents.

Table i

BHC Portfolio		
Portfolio	**#of Units**	**% of Portfolio**
Below-Market Rental	131	38%
Below-Market Ownership	216	62%
Price Restricted	55	16%
Equity Share	161	46%
Total	**347**	**100%**

- The ownership market is increasingly out of reach for many households in the community, particularly moderate-income groups and first-time homebuyers of all income levels – including higher income first-time buyers.
- Ownership prices have been increasing by 10% annually over the past five years (**Figure i**), which is far outpacing income growth (~3%). If these trends continue, affordability will continue to erode for many households in Banff.
- These conditions are requiring households to spend a higher proportion of their income on housing, live in inadequate or inappropriate housing, share housing with others, wait for housing available through the BHC or their employer, or leave the community entirely.
- There are considerable unmet housing needs for both lower and moderate-income households across a variety of household characteristics (e.g., singles, couples, families).
- These conditions are also impacting the ability of businesses to attract employees due to a lack of appropriate and affordable housing options.

While greater housing supply is needed across the entire income spectrum, the following housing outcomes are identified from a priority perspective:

1. Lower and moderate-income rental housing;
2. Moderate-income ownership housing;
3. Market rate rental housing; and
4. Market rate ownership housing;

Table ii illustrates various income groups in the Town, where we have also calculated the home purchase price that would be affordable to each group assuming a 4% interest rate, 30-year amortization, and 10% downpayment. **As illustrated, the affordable purchase price would range from between $185,000 to $925,000 for those making between $40,000 and $200,000.** There are very few housing options affordable to these households, even at the top end of the range. It is also noted that the small number of lower priced townhomes and condominiums that might be affordable to moderate-income households are limited in quantity.

It is also important to identify that the affordable purchase price calculated in **Table ii** utilizes conservative assumptions and would most likely represent a first-time homebuyer due to the downpayment assumption of 10%. Some households can afford to pay more for housing if they have received a cash gift from family, received an inheritance, have saved up a larger downpayment, and/or have earned equity through the sale of a home they already own. Cash gifts from family in particular is identified by many as a key enabling factor allowing many households to purchase a home.

Such wealth transfers allow homes to be purchased with large downpayments, with the relationship between purchase price and income being heavily disrupted. Anecdotally, this has been observed by the BHC for some homes that have transacted within the portfolio in recent years, across both the Equity Share and Price Restricted Portfolios.

Figure i

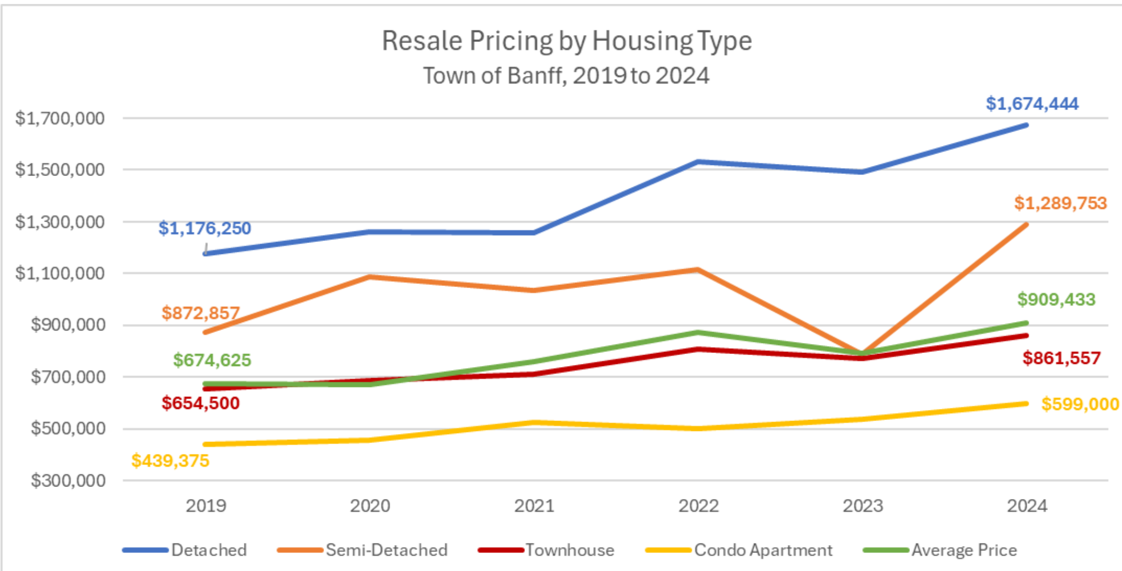


Table ii

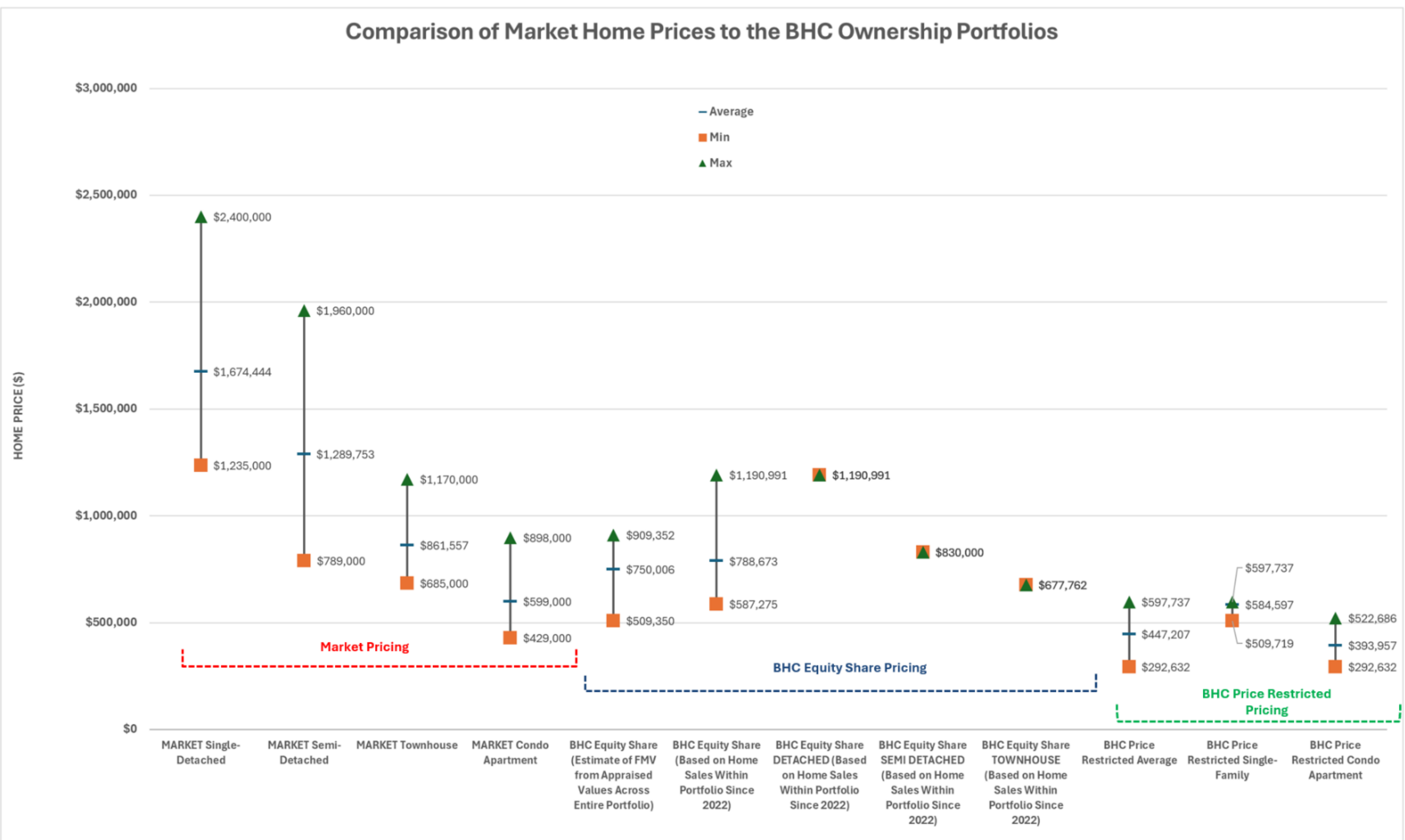
Banff Income Profile and Housing Affordability			
Household Income Range	**# of Households**	**% of Households**	**Affordable Purchase Price (top end of the range)***
Under $40,000	405	14%	$185,013
$40,000 - $80,000	845	29%	$370,026
$80,000 - $125,000	905	31%	$578,165
$125,000 - $150,000	250	9%	$693,798
$150,000 - $200,000	265	9%	$925,064
Over $200,000	250	9%	
Average - $103,000	-	-	$476,408

BHC Equity Share Portfolio Relative to Market Pricing

While the Equity Share Portfolio is more expensive than the Price Restricted Portfolio, it is important to acknowledge that it remains more affordable than comparable market housing in the Town (**Figure ii**).

- Overall, homes in the Equity Share Portfolio have been increasing in price at a similar rate to the wider market (~10% annually). However, the BHC equity stake allows these homes to transact for 13% - 35% below market value.
- All BHC values shown in **Figure ii** account for the BHC equity stake and therefore represent the price a buyer would pay for the home.
- This figures therefore indicate that while the price of the Equity Share Portfolio is roughly 30% more expensive than comparable housing within the Price Restricted Portfolio, it still provides housing that is below-market relative to other housing options in Banff. This will likely continue to be the case looking forward due to the BHC equity stake in these homes.

Figure ii



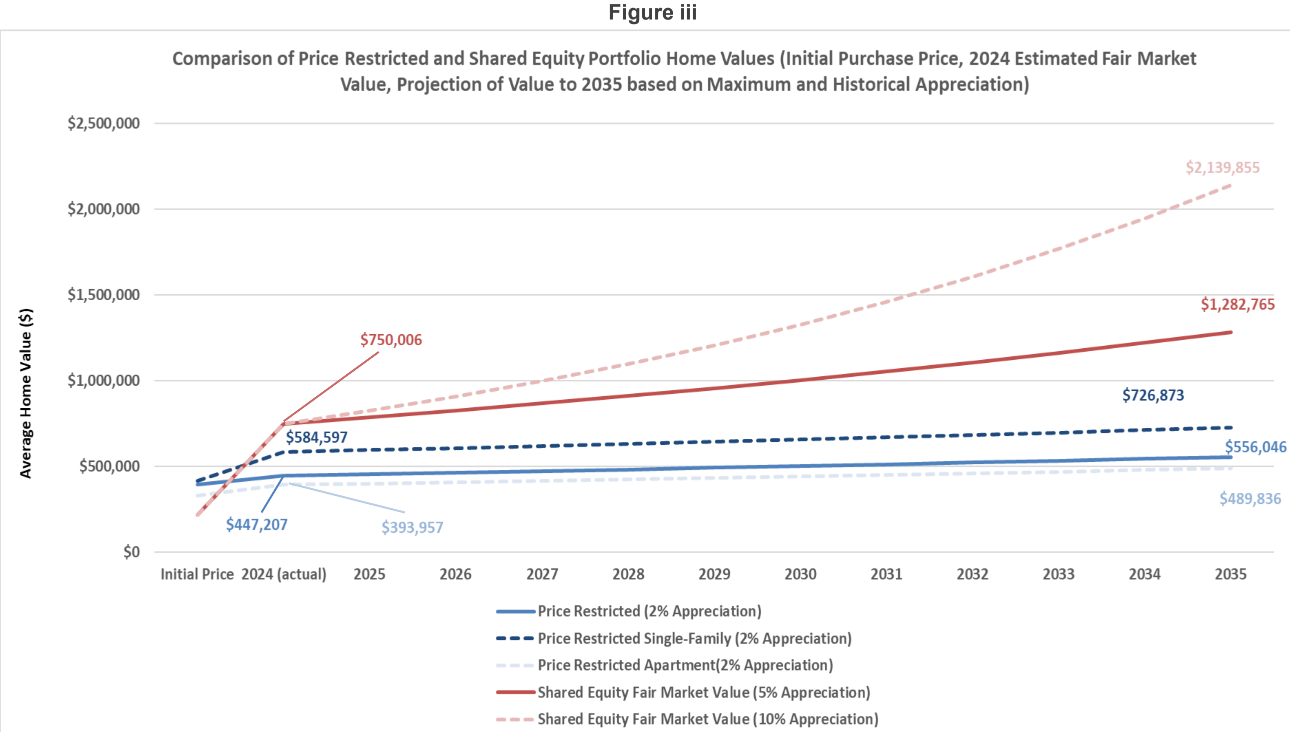
- As illustrated by **Figure ii**, there is a healthy gap between market pricing and the BHC Price Restricted Portfolio, particularly for low-density housing. The Equity Share Portfolio is currently filling this gap in an effective way. However, the price of these homes are already beginning to exceed the affordability profile of moderate income households (**Table i**), which will continue to worsen if action is not taken.
    - For reference, local incomes in Banff have been increasing by approximately 3.3% over the past decade. Home prices are therefore accelerating much quicker, meaning affordability will continue to erode for households that do not have generational support or other means of achieving a significant downpayment.

BHC Equity Share Portfolio Looking Forward

Despite the Equity Share Portfolio currently filling a gap in the housing market, it is important to understand the trajectory of pricing looking forward.

As illustrated by **Figure iii**, if the Equity Share portfolio were to increase by historical trends (i.e., 10% since portfolio creation), the average sale price (with BHC equity accounted for) could increase from $750,000 to $2.1M over the next ten years. Assuming a more moderate annual increase of 5% would result in home prices increasing to $1.3M on average. Price appreciation in the Price Restricted Portfolio on the other hand will be significantly constrained due to the 2% appreciation cap.

Figure iii



Identified Strategies and Actions

Homes within the Equity Share Portfolio are more expensive than the Price Restricted Portfolio and have experienced rising values in recent years. However, as illustrated in **Figure ii**, homes in this portfolio continue to transact well below the price of comparable market housing options in the Town, which is largely due to the BHC equity stake in these properties. Given the lack of new development opportunities, particularly for single-family homes, this portfolio still offers homeownership opportunities to a segment of the population that cannot afford market prices in the community.

Notwithstanding the above, the Equity Share Portfolio and broader housing market has experienced strong price growth in recent years, with appreciation outpacing income growth. If pricing levels continue to escalate as illustrated in **Figure iii**, it is likely that this portfolio will increasingly only service higher income households in the community or households that are able to secure a large downpayment (e.g., sale of previous home, generational wealth transfer), which is already the case in many situations. While affordability is a relative term and the portfolio is currently filling a key gap in the housing market, the lack of price controls in the portfolio undermines its long-term sustainability.

The BHC mission is '*To provide a wide range of below market housing options for residents of Banff National Park that support the needs of our community within our built environment*'. While the Equity Share Portfolio therefore still technically falls within the BHC mission, and appears to be filling a gap in the housing continuum, this portfolio also represents the largest segment of the entire BHC housing stock at nearly 50%. The BHC therefore remains interested in exploring strategies to realign the portfolio with the needs of moderate-income households, either partially or fully, while also protecting against rapid price appreciation in the portfolio over the longer term.

The following strategies and actions have been identified:

- Buyout Homeowner Equity in the Equity Share Portfolio and Redistribute the Home into the Price Restricted Portfolio (see 5.1)
    - Acquire Home and Redistribute to Price Restricted Portfolio (see 5.1.1)
    - Acquire Home, Reset Price, Redistribute to Price Restricted Portfolio (see 5.1.2)
    - Acquire Home, Undertake Retrofits, Redistribute to Price Restricted Portfolio (see 5.1.3)
    - Acquire Home, Undertake Retrofits, Redistribute to Rental Portfolio (see 5.1.4)
- Sell the BHC Equity Within the Equity Share Portfolio (see 5.2)
- Adjust the Waitlist Parameters Within the Equity Share Portfolio (see 5.3)
- Eliminate the Bookending Practice for Appraisal (See 5.4)

Based on a review of other housing providers who provide below-market ownership housing (e.g., Canmore, Jasper, Pitkin County/Aspen, Cochrane), all these providers have price restrictions in place as the primary mechanism to protect for long-term affordability in the portfolio. Actions to introduce price restrictions are likely to be the most effective with fewer negative externalities relative to adjusting waitlist and eligibility criteria, adjusting the bookend practice, and other similar approaches.

1.0 Introduction

N. Barry Lyon Consultants Limited ('NBLC') has been retained by the Banff Housing Corporation ('BHC') to assess how the current housing portfolio is meeting the needs of current and future residents. The BHC has three distinct portfolios within the housing stock it manages:

- **Below-Market Rental Housing:** Rental homes offered to low- and moderate-income households in the community.
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While the Rental and Price Restricted Ownership properties appear to be serving their mandate, the Equity Share properties are experiencing challenges from an affordability and long-term sustainability perspective. This report seeks to evaluate the current BHC portfolio, the needs of the community, and identify possible solutions to realign the Equity Share Portfolio with current and projected demand.

2.0 Banff Housing Market Assessment and Housing Needs

The following provides an assessment of Banff's housing market and the identification of housing needs in the community. The section begins with an overview of current conditions in the local resale and rental market, before summarizing the findings of the recent Bow Valley Region ('BVR') Housing Needs Assessment ('HNA') and comparing local incomes to current market prices. The findings of this section will be used to assess how the BHC Shared Equity Portfolio is meeting the needs of current and future residents.

2.1 New Residential Development is Limited in Banff

The Town of Banff's location within a National Park creates restrictive conditions for new residential development, essentially requiring that any new housing supply be realized through infill development.

The development that does occur in Banff is modestly scaled – small apartment buildings or 'gentle density' projects like multiplexes and accessory dwelling units. The modest scale of new development is reflected in the Town's development application data.

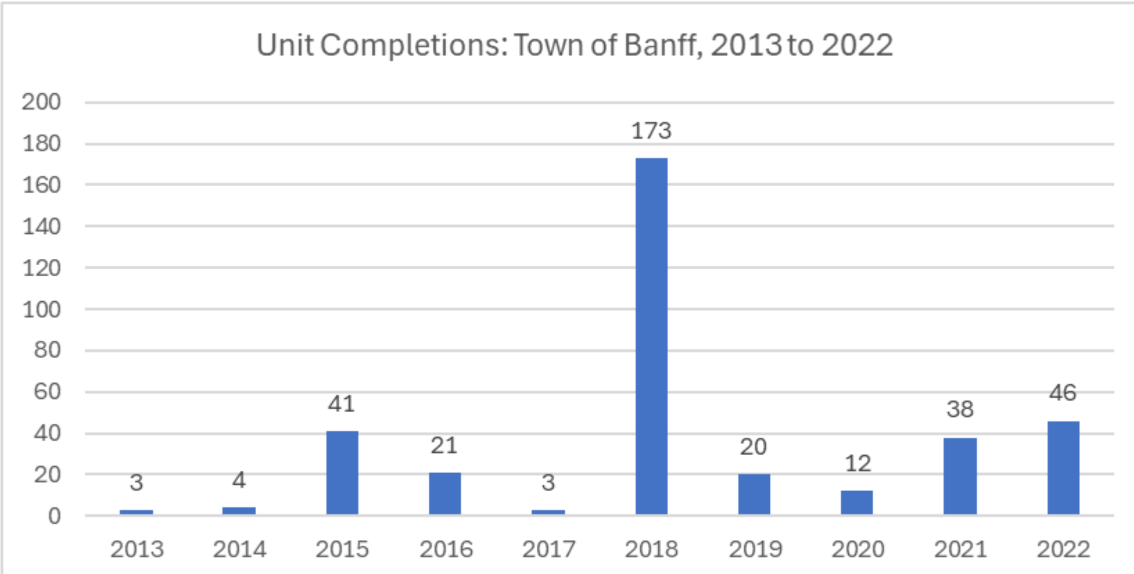
At the time of writing (January 2025), there were only four apartment applications under review by the Town – ranging from 16 to 32 units with an average size of 24 units. Beyond these apartment applications, the remainder of the residential applications were primarily for accessory dwelling units – accounting for 19 applications with a combined total of 20 units.

The limited amount of new development is also reflected in recent data on unit completions in the Town of Banff. According to data from the Town, Banff averaged just 36 residential unit completions annually between 2013 and 2022 (**Figure 1**). However, this includes an outlier year in 2018 with 173-unit completions (48% of the 10-year total) which included the completion of the BHC's Tinu development. Excluding this outlier year, the other nine years in the data set averaged just 21 completions annually, ranging from 3 to 46 units overall. Data on building permit activity from the Province of Alberta further supports the notion that new development is generally modest – and can be volatile from year-to-year.

Notwithstanding the historical trends, it is worth noting that the Town of Banff has recently made changes to their Land Use By-law to encourage the construction of more housing. These changes fall into three broad categories:

- **The removal of parking requirements** for new housing developments, including for any additional dwelling units, allowing for builders/homeowners to determine how many spaces they need.
- **Increasing the allowable building size** to ensure that more housing can be built on any given property. This includes increasing height allowances, reductions to setback and landscaping requirements, and increasing floor area ratios.
- **Simplifying definitions of housing types and allowing them in more areas**. The by-law defines seven residential housing types and clearly indicates where they are permitted, discretionary, or not allowed. Some residential areas have also had boundary changes to situate higher densities closer to services, employment, and transit.

Figure 1



Source: Town of Banf

2.2 Resale Prices Have Been Growing at a Rapid Rate in Recent Years

Home ownership costs have been on the rise in Banff. While limited supply and growing demand play the most significant role in Banff becoming increasingly unaffordable, there are several other factors that are contributing to current unaffordability. Some of these factors include:

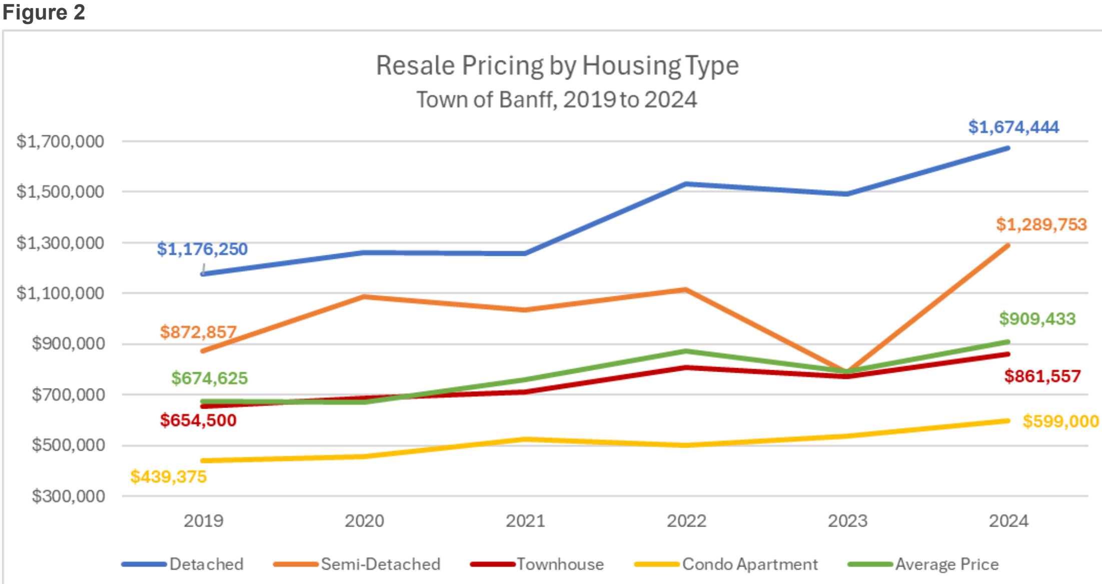
- **Income stagnation:** Incomes are not keeping pace with increases to home prices. Between the last two census periods, average and median household incomes grew by just 1.6% and 8.5%, respectively, in Banff. As noted below, in the past five years, home ownership prices are up 32% to 48% depending on the housing type.
- **Mortgage rates:** Rising interest rates in recent years as the Bank of Canada fought high inflation have contributed to making the housing market less affordable. Even as home prices have declined in some markets, these declines have been offset by higher mortgage rates and mortgage costs. Notably, as will be seen in **Figure 2** to follow, home prices largely continued to escalate in Banff despite rising mortgage costs, which have combined to increase housing costs significantly.
- **Mortgage stress-test changes:** Meant to ensure that buyers were not overextending themselves, the mortgage stress test implemented by the Federal government has made purchasing a home more challenging for many buyers, particularly in tandem with rising mortgage rates.
- **Tight lending requirements:** The Town of Banff being within a national park, and all land being leased from Parks Canada, creates additional challenges for prospective buyers as they seek a mortgage. There are limited lenders that are willing to provide a mortgage to buyers in Banff which can lead to less competitive mortgage rates.
- **Generational wealth transfer:** Increasingly, many buyers are reliant on downpayment assistance from parents or other family members in order to purchase a home. While this can assist some households in purchasing a home that may not be affordable based on their income alone, it creates

an unequal buyer landscape for those that do not receive assistance. This is expanded on to follow in this section.

As illustrated in **Figure 2**, resale prices for all housing types have grown significantly since 2019, increasing between 32% (townhouses) and 48% (semi-detached) over this period. By 2024, both single-detached and semi-detached (duplex) homes averaged well over $1,000,000, putting them out of reach for most households. Even townhouses had surpassed $900,000 on average in 2024, leaving condominium apartments as the only relatively affordable ownership option in the market at around $600,000 on average.

Even for those who can afford it, options are limited, with the number of resale transactions in Banff ranging from 30 to 50 homes on an annual basis between 2019 and 2024. The limited number of sales and new housing development, particularly in low-density formats, is clearly driving price growth in the community.

Figure 2



Source: Pillar 9 via Ray Horyn, Re/Max Alpine Realty

2.3 Available Rental Housing in Banff is Very Limited

In a tourism market such as Banff, rental housing is a strong source of demand for full-time and seasonal employees. Rental demand is further increased as affordability in the ownership market erodes, as 'would-be' purchasers either turn to the rental market because they can't afford to buy, and existing renters continue to rent for longer for the same reason.

Despite the above, Banff has very little purpose-built rental supply[1]. While data on the number of purpose-built rental units in Banff is limited, it is notable that Canmore – a larger community – has only about 600 units according to CMHC. The lack of purpose-built (market-rate) rental housing in Banff means that most

[1] Purpose-built rental housing are properties built specifically for long-term tenancy.

renter households need to rely on staff housing, room rentals, or additional dwelling units in people's homes.

The nature of the Banff National Park eligible residency rule means that much of the available rental options are therefore shared accommodations – renting a room in someone's home or apartment, or renting an accessory dwelling unit such as a basement or garage unit. In other markets we might see investors buy properties to rent them out, without residing in the home themselves. While these types of accommodations work for many Banff residents, they may not be appropriate for all individuals, couples, or families who are seeking rental accommodations in Banff and may need their own home.

This lack of rental supply can make it challenging for new and existing residents to find accommodations, and particularly appropriate and affordable accommodations.

As part of the research for this report, NBLC conducted a survey of the local rental market and found that listings were few and far between, with many residents having to rely on word of mouth to find accommodations. We also note that most rental listings at the time of our survey tended to be for private rooms in a shared house or apartment, as opposed to a private apartment for an individual or couple to rent. As identified in Banff's 2023 Community Social Assessment, 17.5% of Banff households reside in a shared collective dwellings, compared to only 3%, 2%, and 1% in Canmore, Alberta, and Calgary, respectively.

The limited supply and high demand for rental housing in Banff has made the rental market very challenging for current and prospective residents. **Figure 3** illustrates the average annual rental vacancy rate in Banff between 2005 and 2024, which indicates that there are virtually no available apartments as of 2024. Since 2005, the vacancy rate has exceeded 3% only once (a rate between 3.0% and 5.0% is considered to represent balanced rental market conditions), reaching 3.2% in 2021 – a time at which vacancy rates had risen in many parts of Canada as the impacts of COVID-19 and associated lockdowns and interruptions were occurring. Since that vacancy spike in 2021, the market has tightened in a significant way, with vacancy dropping to 0.3% in 2022, 0.8% in 2023, and 0.0% in 2024.

2.4 Limited Rental Supply Creates Pricing Challenges for Residents

Like the ownership market, the tight supply of rental housing has driven up rental rates in Banff.

Figure 4 illustrates the trajectory of rental rates by unit type in Banff since 2005 according to the Alberta Apartment Vacancy and Rental Cost Survey. The data indicates that pricing has been rising rapidly, particularly over the past 10 years. It is also important to note that Banff is considered an outlier in these surveys as it does not exhibit the typical characteristics of rural municipalities in Alberta as it is an internationally renowned tourist destination. Given this, data on vacancy and rental rates in Banff (and Jasper) are excluded from Province-wide calculations.

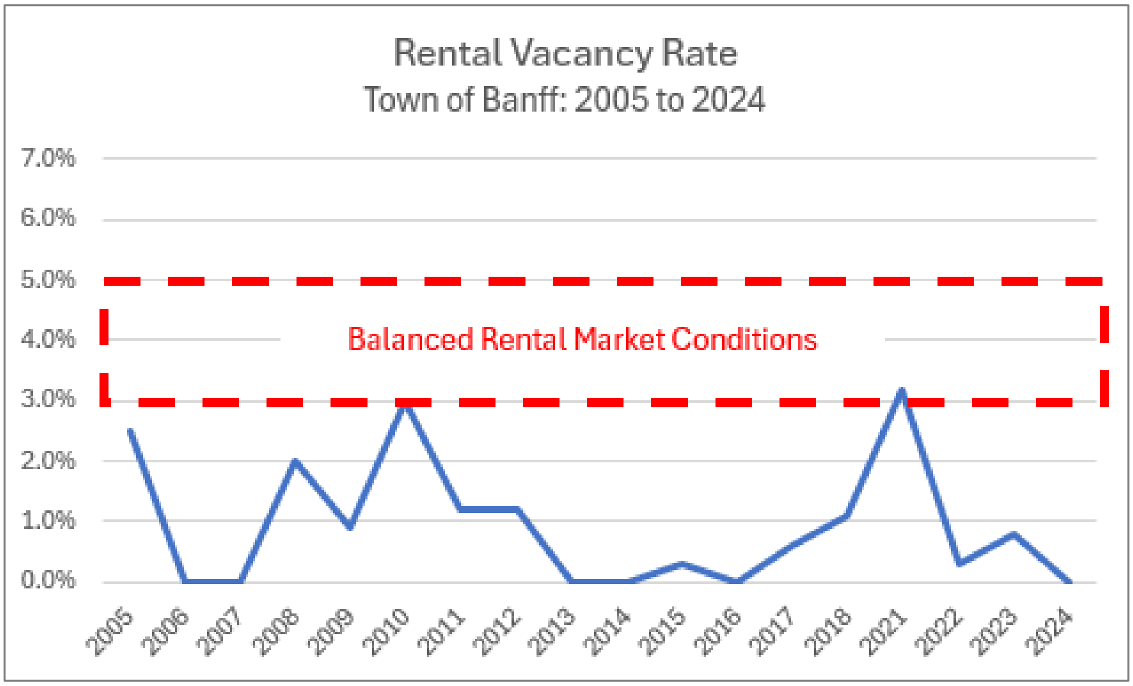
Between 2014 and 2023, we note the following increases to rental rates by unit type:

- Bachelor: +39% or +$308 per month;
- 1-Bedroom: +67% or +$639 per month;

- 2-Bedroom: +54% or +$644 per month;
- 3-Bedroom: +48% or +$613 per month.

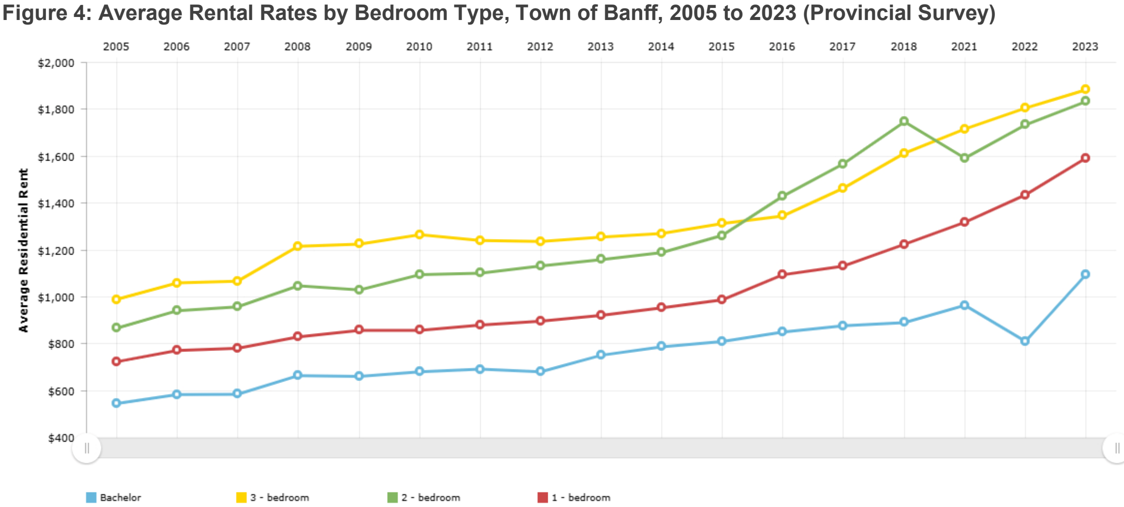
As rents increase at a rate that is higher than income growth, rental affordability becomes ever more challenging for households in Banff, forcing more people to live in accommodations that may not be appropriate for their household.

Figure 3



Source: Alberta Apartment Vacancy and Rental Cost Survey. Note: data was unavailable for 2019 & 2020

Figure 4: Average Rental Rates by Bedroom Type, Town of Banff, 2005 to 2023 (Provincial Survey)

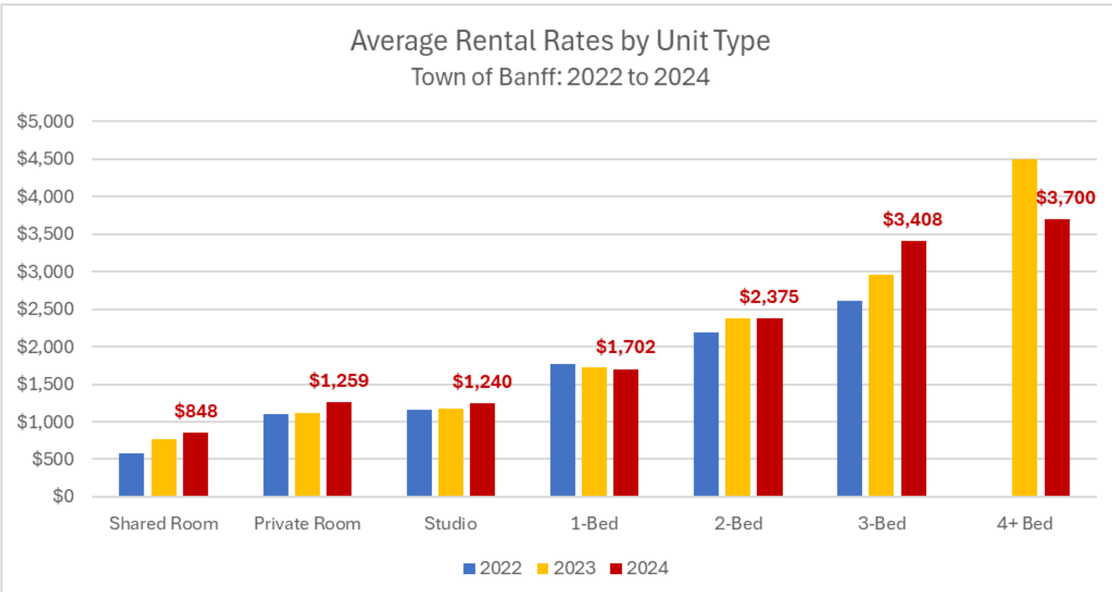


Source: Alberta Apartment Vacancy and Rental Cost Survey. Note: data was unavailable for 2019 & 2020

Notwithstanding the above, based on rental data compiled by the Town of Banff in recent years (**Figure 5**), it appears that the data from the Province's survey is far lower than what a prospective renter is likely to find in the market today when seeking rental accommodations. The Provincial data only includes rents for units in buildings with at least four units, excluding a significant portion of Banff's rental market. **Figure 5** illustrates average pricing by unit type in the Town of Banff between 2022 and 2024. This data shows that average rents are significantly higher than the data presented in **Figure 4** and have largely been increasing year-over-year.

The data collected by the Town of Banff also indicates how much of the Town's rental availabilities are private rooms as opposed to entire apartments. Over the course of the three-year data set, 50% of all identified listings were for private rooms – that being an available room within a unit that has two or more rooms. As noted previously, this type of accommodation may not be appropriate for all households (i.e., couples, families).

Figure 5: Average Rental Rates by Unit Type (Town of Banff Survey)



Source: Town of Banff

A survey of active and recent rental listings by NBLC in January 2025 indicated similar pricing to the data from the Town of Banff. Our survey noted a limited number of one-bedroom apartments in the range of $1,500 to $2,000 per month and two-bedroom apartments in the range of $2,000 to $2,800 per month.

While prospective renters can look to surrounding communities for rental accommodations, supply is often just as limited and just as expensive. Canmore, in particular, was once a bedroom community for Banff, providing housing options for Banff workers who could not find accommodations in the Town. However, as Canmore has become more popular with investors and second home purchasers, this is no longer the case. Many Banff workers now must turn to communities further afield like Cochrane or even Calgary for more abundant and attainable accommodations. This inevitably has the impact of losing potential workers and community members who are unable or unwilling to commute such long distances to Banff.

2.5 HNA Identified Shortage of 700 to 1,200 Rental Units in the BVR – with an Overall Housing Deficit of 700 to 1,000 Homes Identified in the Town of Banff

Bow Valley Regional Housing completed a Housing Needs Assessment ('HNA') in October 2024 that provides detailed information on the housing needs of several communities in the region, including the Town of Banff. The report contains key data points on local demographics, income levels, housing stock, and other important measures.

Within the Housing Supply Gaps Analysis of the HNA, the report identifies current and future housing gaps in the Bow Valley Region ('BVR') with a focus on rental housing. We note the following key findings from this section of the report[2]:

- There is a current unmet need for approximately 700 – 1,200 market-rate rental homes in the BVR. This is further broken down to between 500 and 1,000 bachelor and/or one-bedroom units that can accommodate single residents or childless couples, and approximately 200 multi-bedroom units suited for families.
- The shortage is particularly acute for one-person households with incomes between $65,000 and $80,000 annually, and for family households between $78,000 and $122,000 annually.
- Families with median incomes cannot afford the high ownership costs in the BVR. More modestly priced ownership housing is needed to satisfy demand from these households – there are more than 1,900 renter households in the BVR earning $80,000 annually or more.
- More than 5,000 new market-rate housing units are required to meet projected growth in the BVR between 2021 and 2041. This is the equivalent of about 260 units annually and excludes any homes that may be used as secondary homes or short-term rentals.
- The shortage of non-market housing was estimated to be in the range of 565 units, based on Core Housing Need data, with the majority of these households (64%) being single people. The HNA estimates that in addition to the shortage of 565 units today, an additional 177 non-market housing units will be needed to 2041.

According to the Town of Banff, the Town has a current housing shortage of 700 – 1,000 homes[3]. This housing need is observed across both rental and ownership tenures, and both affordable and market housing. The Town has made significant progress implementing land use changes to accelerate greater infill development by increasing density permissions as well as other changes to improve feasibility such as reducing parking and setback requirements. The Town has also implemented new incentive programs to encourage new Accessory Dwelling Units and is investing in new housing development through the BHC.

Finally, Banff's Community Social Assessment identified housing affordability for low and moderate-income households as one of the primary challenges affecting the Town, its well being, and economic

[2] The HNA is for the Bow Valley Region with a focus on the Town of Banff, Town of Canmore, and Municipal District of Bighorn. Specifics around gaps in Banff only were not available.

[3] https://banffhousing.ca/resources/

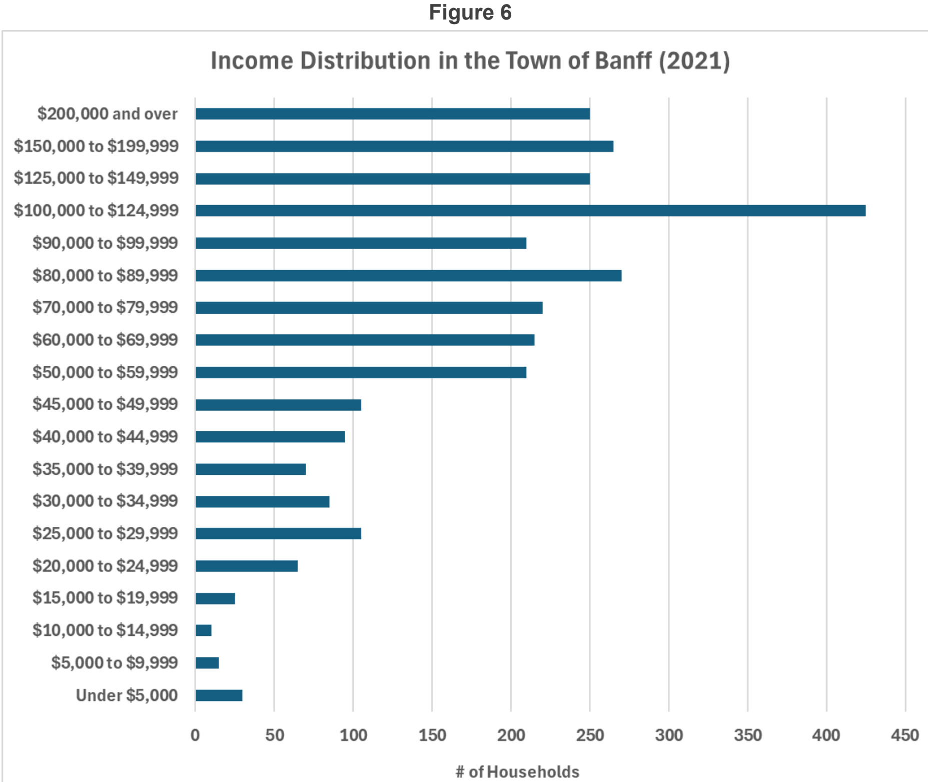
competitiveness. The lack of rental housing for all households, and specifically lower-income residents, and ownership housing for moderate-income households were the key challenges identified.

2.6 How Do Current Market Prices Compare to Incomes

As identified in the 2021 Census, the average household income in the Town of Banff was $103,000. **Figure 6** illustrates the distribution of incomes in the Town, which indicates the majority of households are weighted towards the upper end of the spectrum, with over 40% of all households earning more than $100,000.

Table 1 condenses the households into smaller income groups, where we have also calculated the home purchase price that would be affordable to each group assuming a 4% interest rate, 30-year amortization, and 10% downpayment. **As illustrated, the affordable purchase price would range from between $185,000 to $925,000 for those making between $40,000 and $200,000.** Utilizing these assumptions, there would be very few housing options affordable to these households, even at the top end of the range (**Figure 2**). It is also noted that the small number of lower priced townhomes and condominiums that might be affordable to moderate-income households are limited in quantity.

Figure 6



Source: Statistics Canada

It is important to identify that the affordable purchase price calculated in **Table 1** utilizes conservative assumptions and would most likely represent a first-time homebuyer due to the downpayment assumption of 10%. Some households can afford to pay more for housing if they have received a cash gift from family, received an inheritance, have saved up a larger downpayment, and/or have earned equity through the sale of a home they already own.

Building off the above, the transfer of wealth from affluent baby boomers to their GenX and Millennial children has been occurring at a scale never before seen. The Chartered Professional Accountants of Canada estimate that:

> *A seismic quantity of wealth to the tune of $1 trillion is set to move from Canadian baby boomers to their GenX and millennial heirs between now and 2026. It's predicted to be the largest generational transfer of wealth in Canadian history—accelerated in part by the increasing popularity of "giving while living"—in addition to inheritances.*[4]

Many reports and studies have assessed the impact of these wealth transfers, with many confirming that these cash gifts and inheritances are used to support younger generations to purchase homes at elevated pricing levels[5][6][7]. Such wealth transfers allow homes to be purchased with large downpayments, with the relationship between purchase price and income being heavily disrupted. Anecdotally, this has been observed by the BHC for some homes that have transacted within the portfolio in recent years, with one property being purchased without financing (e.g., all cash).

Table 1

Banff Income Profile and Housing Affordability			
Household Income Range	**# of Households**	**% of Households**	**Affordable Purchase Price (top end of the range)***
Under $40,000	405	14%	$185,013
$40,000 - $80,000	845	29%	$370,026
$80,000 - $125,000	905	31%	$578,165
$125,000 - $150,000	250	9%	$693,798
$150,000 - $200,000	265	9%	$925,064
Over $200,000	250	9%	
Average - $103,000	-	-	$476,408
Source: 2021 Census Profile. * Assumes 4% interest, 30 year amortization, 30% of income used for debt servicing, 10% downpayment			

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[4] https://www.cpacanada.ca/news/pivot-magazine/trickle-down-wealth

[5] https://www.ml.com/articles/great-wealth-transfer-impact.html

[6] https://www.moneysense.ca/columns/ask-a-planner/parents-home-down-payment-gifts-and-loans/

[7] https://financialpost.com/news/homebuyers-rely-bigger-gifts-from-parents

2.7 Key Findings

It is clear from the data and analysis in this section that current home prices are not meeting the affordability requirements of most households in Banff. Our research has shown that:

- The rental stock is significantly constrained with limited availability and rapidly rising rents.
- The ownership market is increasingly out of reach for many households in the community, particularly moderate-income groups and first-time homebuyers of all income levels – including higher income first-time buyers.
- These conditions are requiring households to spend a higher proportion of their income on housing, live in inadequate or inappropriate housing, share housing with others, wait for housing available through the BHC or their employer, or leave the community entirely.
- There are therefore considerable unmet housing needs for both lower and moderate-income households across a variety of household characteristics (e.g., singles, couples, families).
- These conditions are also impacting the ability of businesses to attract employees due to a lack of appropriate and affordable housing options.

While greater housing supply is needed across the entire income spectrum, the following housing outcomes are identified from a priority perspective:

5. Lower and moderate-income rental housing;
6. Moderate-income ownership housing;
7. Market rate rental housing; and
8. Market rate ownership housing;

3.0 BHC Housing Portfolio

The following section provides an overview and analysis of the BHC housing portfolio. A map of the BHC communities is shown in **Figure 9** at the end of this section.

3.1 Below-Market Rental Portfolio

The BHC has a total of 133 rental homes that are provided to Banff residents. As illustrated in **Table 2**, approximately 20% of the portfolio is comprised of studio units, 52% are one-bedroom apartments, and 27% are two-bedroom apartments. These homes are provided in two apartment buildings referred to as the Ti'nu Apartment Complex and Moffat Manor. The rents offered through this portfolio are well below market rents as identified in Section 2 of this report.

Table 2

BHC Rental Portfolio				
Unit type	**# of units**	**2024 Monthly Rental Rate**	**Minimum Household Income**	**Maximum Household Income**
Studio	26	$904	$31,200	$57,095
1BD	69	$1,178	$44,175	$74,400 (1 Person HH) $91,512 (2 Person HH)
2BD	36	$1,728	$64,800	$109,137 (1/2 incomes) $134,238 (3 incomes)
Source: BHC				

As identified in **Table 2**, the minimum qualifying income for these apartments range between $31,200 for a studio and $64,800 for a two-bedroom apartment. In addition to these minimum incomes, a prospective tenant must also be working a minimum of 30-hours per week within the community. Maximum incomes range from $57,095 to $134,238 depending on the unit type.

Additional qualifying criteria include:

- You are a Canadian citizen, hold permanent residency, or hold a valid work permit.
- You agree to occupy the unit as your primary residence – subletting is not permitted.
- You are an eligible resident of Banff National Park.
- You are working a minimum of 30 hours per week (either for a Banff licensed business or self-employed OR you are a retired individual or in receipt of disability benefits currently living in Banff and can demonstrate 5 years of employment in the National Park or hold a statutory declaration of retirement from Parks Canada and 5 years of residential history.
- You meet the financial qualifying criteria and can demonstrate gross household income falls between the minimum and maximum income thresholds.
- You do not own any property in the Bow Valley (Lake Louise to Kananaskis).

Tenants are therefore required to be receiving a moderate income from either a licensed Banff business or be self-employed. While affordable to a wide range of households, this housing stock is not considered social or supportive housing that is intended to serve the lowest income and most vulnerable households in the community. Rather, it is intended to serve moderate-income households currently living and working in the community.

Meeting the eligibility criteria allows a household to enter the waitlist, with housing options offered to the first suitable households on a chronological basis as units become available. It is understood that the supply of this affordable rental housing is not currently meeting demand, with over 300 households currently on the waitlist for the portfolio. Further, occupancy of the housing stock has been over 98% over the past five-years, driven by strong demand from current and prospective tenants.

3.2 Below-Market Ownership: Price Restricted Portfolio

The BHC has a portfolio of 55 affordable ownership homes in the price-restricted portfolio as identified in **Table 4** to follow. These homes were sold ‘at cost’ when they were first developed over a decade ago, which was approximately 20% - 34% below market value. Since initial occupancy, they are permitted to appreciate in value by a maximum of 2% each year. The appreciation cap of 2% was put in place to maintain the relative affordability of the portfolio over the long-term.

The homes are offered in four distinct communities within Banff (**Figure 7**):

- Three homes are offered within the larger Fairholme Place community, which also contains 30 Equity-Share homes. These two properties consist of one duplex and a Single-Detached Home with an Additional Residential Unit (‘ARU’). Accounting for the maximum 2% appreciation, the duplex homes have a sale value of approximately $550,000 as of 2024.
- There are 10 duplexes within the Jasper Way community that are all three-bedroom homes and approximately 1,360 square feet. Accounting for the maximum 2% appreciation, the homes have a sale value of approximately $590,000 as of 2024, which represents a price per square foot ($PSF) of $435. While the homes are identified as duplexes, they more closely resemble semi-detached homes (**Figure 7**).
- There are 10 units within the Peyto Place apartment building, which consists of seven one-bedroom units and three two-bedroom units. Accounting for the maximum 2% appreciation, the homes have a sale value of approximately $467,500 as of 2024, which represents a price per square foot ($PSF) of $370.
- The BHC recently developed a new apartment building called The Aster, which occupied between Q4/23 and Q1/24. The building contains 33 units split across one-bedroom (52%), two-bedroom (39%), and three-bedroom suites (9%). The homes were just recently sold over the past year, with a maximum resale price (accounting for the 2% annual appreciation) of $421,375, which represents a $PSF of $552.
- Of note, the BHC has recently proposed to construct a new affordable housing development at 50 Wolf Street[8]. The centrally located property is expected to accommodate 80+ residential apartments

[8] https://www.rmoutlook.com/banff/banff-approves-41-million-affordable-housing-development-9664153

and 8,500 square feet of community space on the ground floor. While still undefined pending a detailed proforma and business plan, the apartment units are expected to be a mix of below-market rental and ownership units that would fall into the Price Restricted Portfolio. The project is being funded by a mix of sources including the Housing Accelerator Fund and philanthropy.

Figure 7: BHC Price Restricted Homes (Left: The Aster; Top Right: Jasper Way; Bottom Right: Peyto Place)

An eligible homeowner must be able to qualify for a mortgage and cover all closing costs in addition to any down payment requirement. Additional eligibility criteria include the following, which apply to both the Price Restricted and Equity Share Ownership Portfolios:

- You are a Canadian Citizen or Permanent Resident.
- All residents who purchase a BHC home agree to abide by the Parks Canada sublease requirements which ensures the housing inventory is used as intended.
- All applicants agree to:
  - Occupy the Banff Housing Corporation property as their primary residence on a full-time basis.
  - Maintain eligible residency.
  - Abide by the rules of the Sublease Agreement as signed between the Banff Housing Corporation and property owner(s).
- You are an eligible resident of Banff National Park based on the definitions below.
  - an individual whose primary employment is in Banff National Park; or
  - an individual who operates a business, except a home occupation or bed and breakfast, in Banff National Park and whose presence at the place of business is necessary for the day-to-day operation of the business; or

- a retired individual who resides in Banff National Park and who, for five (5) consecutive years immediately prior to retirement:
  - was employed primarily in Banff National Park; or
  - operated a business in Banff National Park and whose presence at the place of business was necessary for the day-to-day operation of the business; or
- a retired individual who resided in Banff National Park at the time of the individual's retirement and who resided in Banff National Park on July 30,1981; or
- an individual who is a student in full-time attendance at an educational institution that is located within Banff National Park and registered under the Income Tax Act or applicable provincial legislation relating to education; or
- the spouse or a dependent of an individual referred to in any of the clauses above.

Meeting the above criteria can make a household eligible for the waitlist, however unlike the rental waitlist, homes are not offered on chronological basis. Rather there is a points system established based on the following criteria:

- Two points are awarded for every full year an applicant has lived in Banff (prorated).
- One point is awarded for every full year an applicant lived in the Bow Valley (prorated).
- Ten points are awarded for each dependent child or dependent adult who lives with the applicant on a full-time basis
- Five points is awarded for each dependent child or dependent adult who lives with the applicant on a part-time basis
- Single parents can receive an additional five points for dependent children if they can demonstrate that they have sole custody of the dependent(s)
- Ten points will be awarded per application where all listed applicants do not own (personally, jointly, indirectly or through business assets) any dwelling anywhere.

As a home becomes available for sale, it is advertised to all households on the ownership waitlist (i.e., both the Price Restricted and Equity Share Portfolios) at the price permitted by the 2% appreciation restriction. For those who are interested, they must attend an open house and sign a statutory declaration substantiating the accuracy of their eligibility status and application details. The home is then made available to the households who have indicated a willingness to purchase, with priority given to the household who scores the highest based on the point system identified above, regardless of the timing of their application.

As identified above, the waitlist's points system favours families and households with dependants. While the points system also allocates points for those who do not currently own property, the initial sale of homes within the newly completed Aster project provided priority to first-time buyers rather than the point system identified above. The BHC has recently extended this first-time homebuyer priority to the entire portfolio, with the points system then used after this priority to determine the negotiating order.

The homes in the portfolio do not transact often. Excluding The Aster, which was recently completed, there have been only seven resales over the past twenty years. Half of these transactions were in the Peyto Place apartment building, with only two transactions occurring in the attractive Jasper Way development (with the most recent being in 2012). These homes do not transact often because the 2% price restriction limits the increase in homeowner equity, there are very few affordable alternatives in the Banff housing market, and other similar considerations.

In addition to limited turnover, there are currently 389 households on the waitlist for the BHC ownership portfolio. This waitlist is maintained for both the Price Restricted and Equity Share portfolios, with households not required to indicate their preference through the application. Rather, as homes are made available across both portfolios, they are advertised to all households on the waitlist.

As illustrated in **Table 3**, between 2015 and 2023, an average of 16 new households were added to the waitlist, with few being removed due to the low turnover. However, 112 households were added in 2024, which was due to the following:

- As identified previously, the application process for The Aster replaced the points system with a system that prioritized first time buyers. There were 79 households added to the waitlist in 2024 for The Aster as it was completed.
- The other 33 new households added to the waitlist in 2024 was due to the continued erosion of affordability in the market, as well as interest generated by the recent BHC development proposed at 50 Wolf Street.

Table 3

# of Households Added to the BHC Ownership Waitlist Annually	
2024 YTD	112
2023	11
2022	10
2021	10
2020	23
2019	27
2018	21
2017	13
2016	18
2015	13

Table 4

Price Restricted Portfolio: Summary Data								
Development	**Address**	**Building Type**	**Unit Type**	**Total Units**	**Square Footage**	**Possession Date**	**Original Purchase Price to Buyer**	**Maximum Resale Price 2024**
Older Buildings								
Fairholme Place	22 Fairholme Place	Half Duplex	-	2	-	15-Aug-07	$359,200	$509,719
	24 Fairholme Place	SDH w Suite	-		-	15-Jun-07	$410,800	$582,941
Total/Average				**2**			**$385,000**	**$546,330**
Jasper Way	240 Jasper Way	Duplex	3BD	10	1,360	18-Jul-08	$425,200	$589,018
	242 Jasper Way					27-Jun-08	$425,200	$589,689
	244 Jasper Way					29-May-08	$425,200	$590,617
	246 Jasper Way					28-May-08	$425,200	$590,649
	248 Jasper Way					02-May-08	$425,200	$591,481
	250 Jasper Way					25-Apr-08	$425,200	$591,704
	252 Jasper Way					19-Mar-08	$425,200	$592,888
	254 Jasper Way					19-Mar-08	$425,200	$592,888
	256 Jasper Way					07-Mar-08	$428,400	$597,737
	258 Jasper Way					05-May-08	$428,400	$595,835
Total/Average				**10**	**1,360**		**$425,840**	**$592,251**
Peyto Place	122 Bear street	Apartment	1BD	10	667	01-Nov-2010	$222,400	$294,417
			1BD		667	21-Feb-2011	$222,400	$292,632
			2BD		1,087	01-Nov-2010	$301,867	$400,309
			2BD		915	01-Oct-2010	$264,000	$350,079
			1BD + loft		990	21-Mar-2011	$284,800	$373,957
			1BD + loft		1,001	01-Dec-2010	$285,067	$374,316
			1BD + loft		1,001	01-Dec-2010	$285,067	$376,771
			1BD + loft		1,001	01-Dec-2010	$285,067	$376,758
			1BD + loft		1,001	21-Mar-2011	$285,067	$374,523
			2BD + loft		1,539	22-Feb-2011	$351,200	$462,082
Total/Average				**10**	**987**		**$278,694**	**$367,584**
Total/Average				**22**			**$355,243**	**$485,955**
New Buildings								
Development	**Address**	**Building Type**	**Unit Type**	**# Units**	**Avg. Square Feet**	**Possession Date**	**Original Purchase Price to Buyer**	**Maximum Resale Price 2024**
The Aster	340 Banff Ave	Apartment	1BD	12	559	Oct 2023 - April 2024	344,947	$352,861
			1BD+Den	5	706		403,735	$413,231
			2BD	9	856		441,287	$451,585
			2BD+Den	4	1,008		481,920	$493,144
			3BD	3	1,065		510,513	$522,686
Total/Average				**33**	**763**		**$411,783**	**$421,375**
Overall Total/Average				**55**			**$394,922**	**$447,207**

Source: BHC; (SDH = Single Detached Home, BD = Bedroom, H/O = Homeowner, BHC = Banff Housing Corporation)

3.3 Below-Market Ownership: Equity Share Portfolio

The BHC has a portfolio of 161 below-market ownership homes in the Equity Share Portfolio, representing nearly half of the BHC's entire housing stock. This portfolio consists of homes that are purchased by eligible households in the community, with the BHC maintaining approximately 15% to 35% ownership in the properties as identified in **Table 5**. By retaining a portion of the equity/value of the home, the BHC can offer these properties at 15% - 35% below market value to provide more affordable housing options in the community.

The eligibility criteria, waitlist, and application process are the same for both the Equity Share and Price Restricted Portfolios. The BHC equity share and corresponding ability to offer these homes at below market-value is also the same across both portfolios. The key difference between the two affordable ownership portfolios is that the Price Restricted homes can increase in value by a maximum of 2% annually, whereas the Equity Share Portfolio is tied to market fluctuations and therefore does not include an appreciation cap.

When a home in both ownership portfolios is made available, the entire ownership waitlist is notified. The price of a home in the Price Restricted Portfolio is calculated by applying the 2% annual inflator, whereas the Fair Market Value ('FMV') of a home in the Equity Share Portfolio must be identified due to the absence of any appreciation cap. To identify the FMV, two separate appraisal reports are commissioned, one by the homeowner, and one by the BHC. The maximum sale price of the home is then determined through the following:

- Establish the **Base Market Value**: The average of the two appraisals.
- Establish the **Upper Limit**: The lesser of 6% above the Base Market Value or 3% above the higher appraisal.
- Establish the **Lower Limit**: The greater of 6% below the Base Market Value or 3% below the lower appraisal.

The above process therefore establishes the FMV range that a home can sell for, by establishing a Base Market Value and associated 'bookend' upper and lower limit. The home can therefore sell within this range without approval from the BHC board. Of note, a homeowner could receive a bid above the established Upper Limit, however this would require approval from the BHC board to proceed, which has never happened as of the writing of this report.

Using the above FMV range, the homeowner then begins negotiations with anyone on the waitlist who has expressed interest, following the same process as the Price Restricted Portfolio identified earlier with priority given first to first time buyers, then priority established by the points system. The buyer at the top of the list enters negotiations with the seller first and if they cannot come to an agreement, the second person on the list can enter negotiations, with this process continuing until the home is sold.

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Table 5

Equity Share Portfolio: Summary Data								
Development	**Building Type**	**Unit Type**	**Total Units**	**March 2024 Assessed Value**	**H/O Equity (%)**	**H/O Equity ($) - Purchase Price to Next Homeowner***	**BHC Equity (%)**	**BHC Equity ($)**
Jasper Way	Duplex	3BD	14	$928,977	68%	$630,411	32%	$298,566
	Total/Average		**14**	**$928,977**	**68%**	**$630,411**	**32%**	**$298,566**
Riverview Court & Glen Avenue	SDH	3BD	7	$933,631	67%	$627,400	33%	$306,231
	Duplex	3BD	4	$930,405	74%	$686,639	26%	$243,766
	Townhome	2BD	7	$764,920	70%	$534,023	30%	$230,897
	Total/Average		**18**	**$867,304**	**70%**	**$604,251**	**30%**	**$263,053**
Sulphur Court	Duplex	3BD	14	$875,762	82%	$721,962	18%	$153,800
	Townhome	3BD	6	$784,522	81%	$637,505	19%	$147,017
	Townhome	2BD	4	$714,595	69%	$493,780	31%	$220,815
	Total/Average		**24**	**$826,091**	**80%**	**$662,817**	**20%**	**$163,273**
Middle Springs Drive (MS2C)	Townhome	2BD/3BD	17	$827,692	73%	$608,724	27%	$218,968
	Total/Average		**17**	**$827,692**	**73%**	**$608,724**	**27%**	**$218,968**
Fairholme Place	SDH	3BD/4BD	10	$1,018,005	70%	$719,384	30%	$298,621
	Duplex w Suite	3BD+Suite	6	$980,837	74%	$730,101	26%	$250,736
	Duplex	3BD	7	$935,521	73%	$685,788	27%	$249,733
	Townhome	3BD	8	$759,244	58%	$439,095	30%	$224,776
	Total/Average		**31**	**$925,409**	**69%**	**$641,539**	**28%**	**$259,257**
Middle Springs Drive (MS2E)	SDH w Suite	3BD	6	$940,430	76%	$718,215	24%	$222,215
	SDH		8	$935,546	77%	$716,403	23%	$219,143
	Duplex w Suite		10	$946,132	83%	$783,924	17%	$162,208
	Duplex		12	$896,759	78%	$701,658	22%	$195,101
	Total/Average		**36**	**$926,372**	**79%**	**$730,546**	**21%**	**$195,826**
Sundance Court	Townhome	3BD	9	$728,812	78%	$568,620	22%	$160,192
	Townhome	2BD	12	$732,021	78%	$569,376	22%	$162,645
	Total/Average		**21**	**$730,646**	**78%**	**$569,052**	**22%**	**$161,594**
Overall Total/Average			**161**	**$868,911**	**74%**	**$646,557**	**25%**	**$217,615**
Estimate of True Market Value (~16% Above Assessed Value				**$1,007,937**		**$750,006**		**$252,434**

*Source: BHC; (SDH = Single Detached Home, BD = Bedroom, H/O = Homeowner, BHC = Banff Housing Corporation); *Based on Assessed Value not Fair Market Value*

Given the above process and lack of price restrictions, the Equity Share Portfolio is more expensive relative to the Price Restricted Portfolio. Using the Assessed Values shown in **Table 5**, the units within this portfolio have estimated values averaging approximately $868,000. Accounting for the BHC equity component (25% on average), the estimated sale price to new purchasers on the waitlist would average nearly $650,000, with prices ranging from $465,000 to $881,500. This compares to an average price of $447,000 in the Price Restricted Portfolio, with prices in that portfolio ranging from $292,500 to $598,000.

However, it is important to note that Assessed Value ('AV') does not necessarily equate to FMV, with AV's often falling short of FMV. To illustrate this point, we have evaluated recent sales within the Equity Share Portfolio since 2022:

- 1 Sundance Court sold in 2024 for $993,750, **24% above** the estimated 2024 AV of $799,970.
- 14 Sulphur Court sold in 2023 for $1.01M, **9% above** the estimated 2024 AV of $931, 270.
- 14 Sundance Court sold in 2023 for $822,000, **9% above** the estimated 2024 AV of $751,900.
- 14 Riverview Cout sold in 2023 for $845,000, **15% above** the estimated 2024 AV of $733,470.
- 105 Middle Springs Driver sold in 2022 for $880,000, **3% above** the estimated 2024 AV of $858,380.
- 25 Fairholme Place sold in 2022 for $1.57M, **34% above** the estimated 2024 AV of $1.175M.

As illustrated above, the six sales that have occurred in this portfolio since 2022 have sold for an average of 16% above the estimated AV. The most recent sale was for 24% above the estimated AV. If we assume this trend remains and add 16% to the estimated AV for the portfolio, the estimated sale value to new purchasers on the waitlist would increase from $650,000 to $750,000, with prices ranging from $539,400 to $1.02M across the portfolio (**Table 5**). Looking at sales over the past two years, three properties sold in 2023 for an average of $700,500 (accounting for BHC equity) and one home sold in 2024 for just under $800,000. These recent sales provide some confirmatory evidence regarding the gap between AV and FMV.

The Equity Share Portfolio is therefore more expensive relative to the Price Restricted Portfolio. While the Price Restricted Portfolio is increasing by 2% annually, the Equity Share Portfolio has been increasing by an average of 10.5% annually since inception. This has created a healthy spread between the two portfolios, which will continue to worsen if no action is taken. As illustrated by **Figure 8**:

- The FMV of both the Price Restricted (overall average, average of the apartment units, and average of the single-family homes) and the Shared Equity portfolio are displayed. The values shown in this Figure illustrate the purchase price to a homebuyer and therefore accounts for the BHC equity share. As illustrated, both portfolios had similar values when they were first developed and offered for sale.
- Currently (2024), there is a healthy spread between the portfolios, with the Equity Share portfolio being approximately 30% more expensive than the Price Restricted Single-Family Homes and 68% more expensive than the Price Restricted portfolio as a whole:
    - Price Restricted Average: $447,000
    - Price Restricted Apartment Average: $394,000

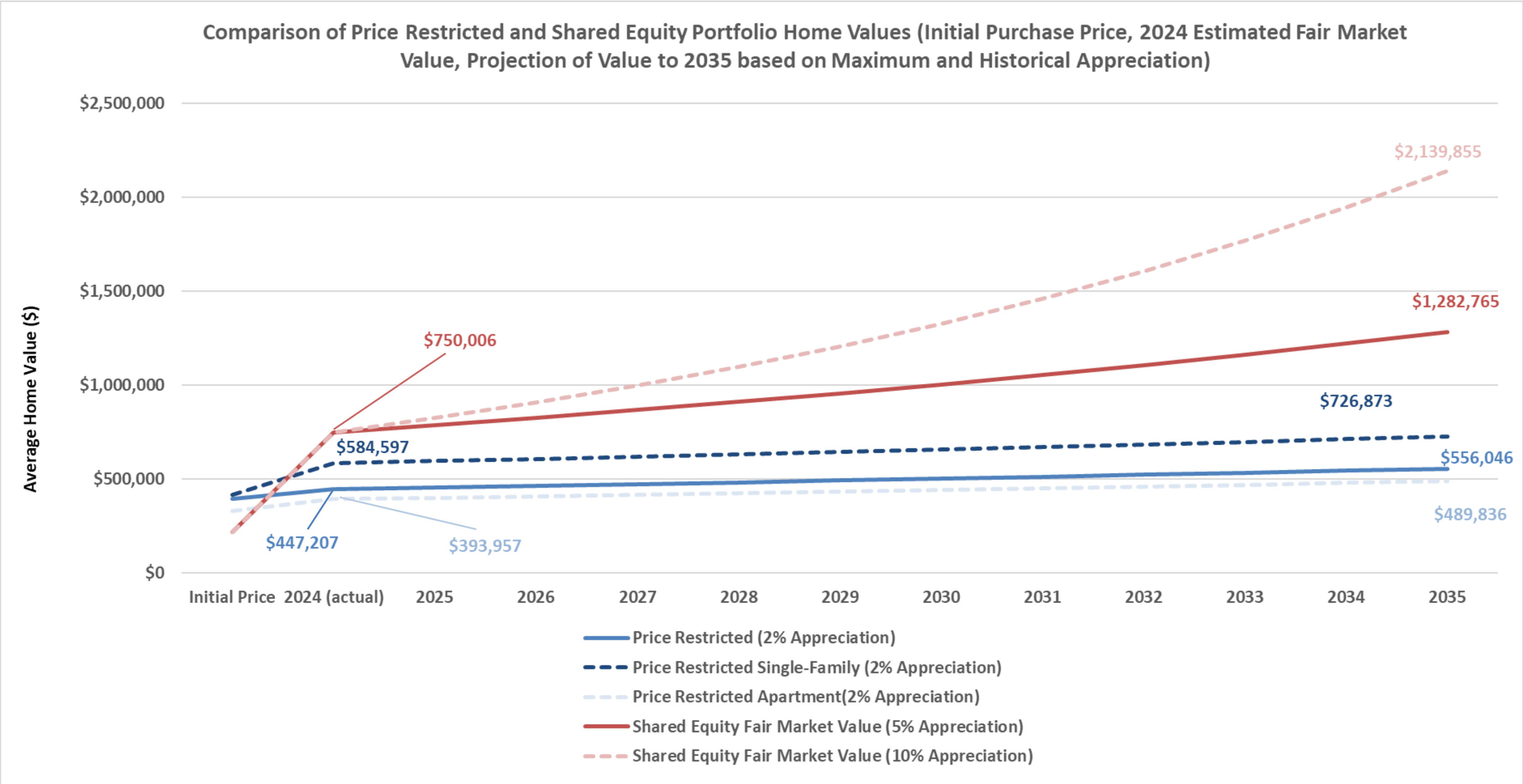
- ▫ Price Restricted Single-Family Average: $585,000
- ▫ Equity Share Average: $750,000

- As illustrated, this gap will continue to widen over time if no action is taken. Accounting for the 2% price restriction, the Price Restricted Portfolio could grow in value from $447,000 to $556,000 over the next ten years.
- If the Equity Share portfolio were to increase by historical trends (i.e., 10% since portfolio creation), the average sale price (with BHC equity accounted for) could increase from $750,000 to $2.1M over the next ten years. Assuming a more moderate annual increase of 5% would result in home prices increasing to $1.3M on average.
- Notwithstanding the above, it is also important to acknowledge that FMV is driven by the market, with the past decade presenting extraordinary conditions that have led to aggressive price growth. Price growth in recent years has slowed due to rising interest rates and other factors. Looking forward, future price growth will be driven by demand, trends in income, delivery of new supply, and other macro economic factors that could lead to higher or lower price growth than illustrated in **Figure 8**.
- Ultimately, households on the waitlist will need to be able to pay FMV for the home to transact at the prices identified in **Figure 8**, which is not a certainty. It might therefore be possible that the eligibility criteria for the portfolio could restrict future price growth given the requirements for purchasers to both live and work in Banff and the corresponding incomes of most jobs in the community (e.g., at some point, the income of prospective purchasers will not support the purchase of these homes at such elevated pricing levels).
  - ▫ However, we understand that some households who have purchased an Equity Share home in recent years have been supported by cash gifts from parents, inheritances, and other avenues, rather than the purchase price being supported by their income alone.
  - ▫ Despite the potential for eligibility criteria to limit future price growth, this has not been the case over the past decade. Ultimately, the lack of price controls undermines the future affordability and sustainability of the portfolio looking forward.

Looking at turnover, there were seven sales within the Price Restricted Portfolio since 2010, representing 32% of the portfolio (excluding The Aster). The Equity Share Portfolio had 75 sales since 2010, representing 47% of the portfolio. Sales activity are likely higher in the Equity Share Portfolio given the appreciation achieved and the ability for the homeowner to 'cash-out' their equity. Notwithstanding this, sales remain low across both portfolios at only 0.5 and 5 sales per year across the Price Restricted and Equity Share Portfolios, respectively.

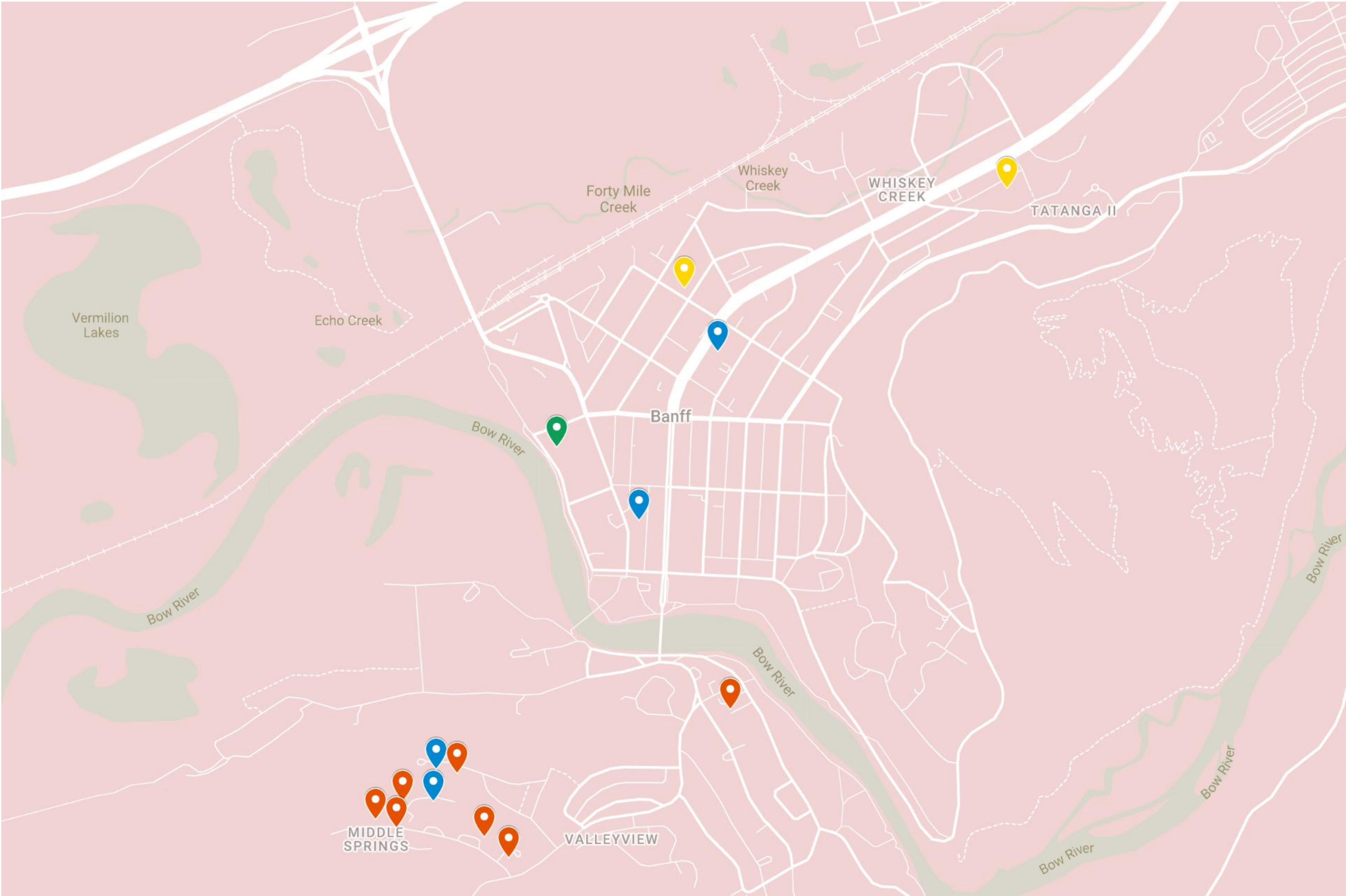
Finally, it is noted that each homeowner is responsible for maintenance, renovations, utilities, property taxes, full replacement value insurance, and all other costs of ownership in both Ownership portfolios. It is also important to identify that the BHC has the right of first refusal to match the purchase price secured through negotiations to reacquire the home.

Figure 8



Figures above account for and remove the BHC Equity Share. These values therefore represent the average value a prospective purchaser would pay for the home.

Figure 9: BHC Communities (Blue = Price Restricted; Red = Equity Share; Yellow = Rental; Green = Proposed Project at 50 Wolf Street)



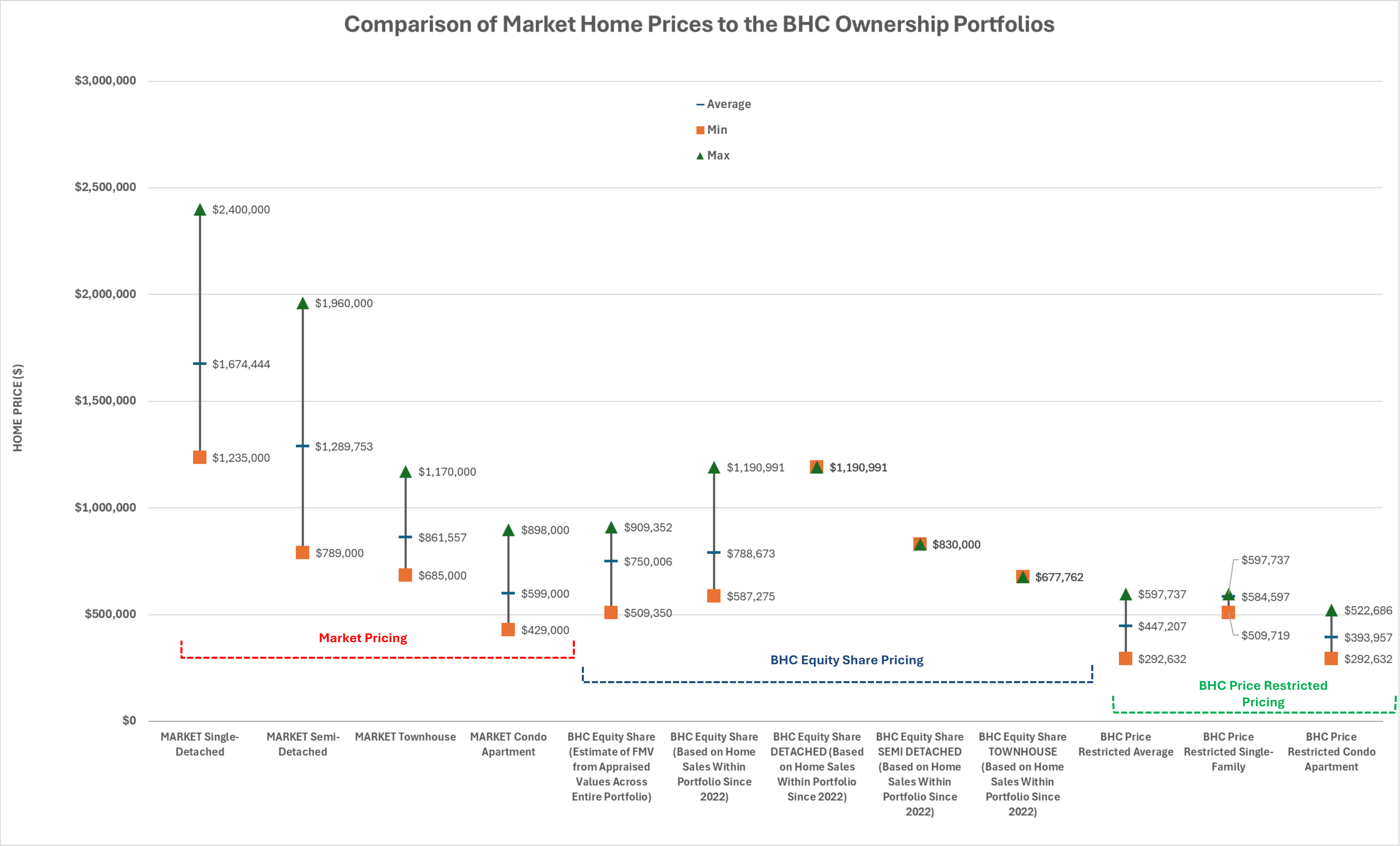
4.0 BHC Housing Portfolio Relative to Market Pricing and Affordability Thresholds

The following provides a brief reconciliation of Sections 2 and 3 of this report, with data from both sections summarized in **Figure 10** to follow:

- Home prices in the Town of Banff have been accelerating over the past five years, a trend that is observed in the general market as well as the BHC Equity Share Portfolio.
  - Overall, detached and semi-detached homes in the market have appreciated by nearly 10% annually since 2019, which is a similar rate of increase observed in the BHC Equity Share Portfolio. Market rate townhomes and condo apartments have appreciated at a slightly slower rate of 7% over this period.
  - This appreciation is due to several factors including low-interest rates leading up to 2022, high demand, and low-supply of housing across the continuum – particularly for low-density housing appropriate for larger households and families.
  - While Banff requires greater supply and also has significant housing needs for smaller and lower-income households, the ability to accommodate broad supply is limited. Most new development is likely to be infill apartments and accessory dwelling units, which will limit the potential to add new housing to accommodate larger households.
  - The BHC is also building new apartment projects within both the Price Restricted and Rental Portfolios, which directly aligns with housing need and the BHC mission.
  - While the above will relieve housing pressures for smaller households and increase the supply of housing available for lower and moderate-income households, the ability to supply new low-density housing will remain constrained, which will likely result in continued price appreciation for this housing type.
- While the Equity Share Portfolio is more expensive than the Price Restricted Portfolio, it is important to acknowledge that it remains more affordable than comparable market housing in the Town. As illustrated by **Figure 10**, we have charted the minimum, average, and maximum price of resale transactions in the Town for market housing, the Equity Share Portfolio, and the Price Restricted Portfolio:
  - Market values are charted using the resale values in the Town for 2024 as summarized in Section 2 of this Report. Values for the Equity Share Portfolio are estimated in two separate ways as previously assessed in Section 3 of this report – 1) Estimating FMV by adjusting Assessed Values; 2) Assessment of actual sale values in the portfolio since 2022.
  - All BHC values shown in **Figure 10** account for the BHC equity component and therefore represent the price a buyer would pay for the home.
  - As illustrated, while the Equity Share Portfolio has experienced rapid price appreciation, so to has market pricing in the Town. As a result, the average price of the Equity Share Portfolio ($788k) remains around 40% - 50% lower than the average price of semi-detached ($1.29M) and detached ($1.67M) homes in the Town, respectively.

    - This above spread is calculated using the average sale value in the Equity Share Portfolio since 2022. The spread is increased further when using the estimate of FMV (i.e., $750,000) based on Assessed values in the portfolio.
    - The Equity Share Portfolio more closely matches the price of market rate townhomes in Banff, even though the Equity Share Portfolio is comprised of 61% single and semi-detached homes.
    - We have also charted the sale values of detached, semi-detached, and townhome properties within the Equity Share Portfolio, with each being well below the corresponding value of these typologies in the private market. Given the low number of transactions, only the average price is shown for these.
- This analysis indicates that while the price of the Equity Share Portfolio is roughly 30% more expensive than comparable housing within the Price Restricted Portfolio, it still provides housing that is below-market relative to other housing options in Banff. This will likely continue to be the case looking forward due to the BHC equity stake in these homes, allowing them to transact for 13% - 35% below market value.
- As illustrated by **Figure 10**, there is a healthy gap between market pricing and the BHC Price Restricted Portfolio, particularly for low-density housing. The Equity Share Portfolio is currently filling this gap in an effective way. However, the price of these homes are already beginning to exceed the affordability profile of moderate income households (**Table 1**), which will continue to worsen if action is not taken.
    - For reference, local incomes in Banff have been increasing by approximately 3.3% over the past decade. Home prices are therefore accelerating much quicker, meaning affordability will continue to erode for households that do not have generational support or other means of achieving a significant downpayment.

Figure 10



Values shown for the Equity Share Portfolio account for and remove the BHC Equity Share. These values therefore represent the average value a prospective purchaser would pay for the home.

5.0 Strategies to Address Housing Needs and BHC Portfolio Shortcomings

The findings of this report indicate that Banff requires more housing options broadly across the income/housing spectrum. This includes deeply affordable and supportive housing options, moderate-affordable rental and ownership housing, and market rental and ownership housing. We understand that the Town has implemented many policy changes in recent years, as well as incentive programs to encourage second suites, in an effort to increase housing supply. At the same time, the BHC is advancing new housing targeted specifically for moderate-income households in the community. Key challenges affecting the supply of new housing in the Town include limited development sites, high construction costs, and the Parks Canada land lease structure, amongst others.

While short in supply with a growing waitlist, it appears that both the Rental and Price Restricted Portfolio are meeting their intent by providing housing options to a wide range of households. These portfolios will continue to effectively support lower and moderate-income households over the long term given the price controls established within each portfolio.

Homes within the Equity Share Portfolio are more expensive than the Price Restricted Portfolio and have experienced rising values in recent years. However, as illustrated in **Figure 10**, homes in this portfolio continue to transact well below the price of comparable market housing options in the Town, which is largely due to the BHC equity stake in these properties. Given the lack of new development opportunities, particularly for single-family homes, this portfolio still offers homeownership opportunities to a segment of the population that cannot afford market prices in the community.

Notwithstanding the above, the Equity Share Portfolio and broader housing market has experienced strong price growth in recent years, with appreciation outpacing income growth. If pricing levels continue to escalate as illustrated in **Figure 8**, it is likely that this portfolio will increasingly only service higher income households in the community or households that are able to secure a large downpayment (e.g., sale of previous home, generational wealth transfer), which is already the case in many situations. While affordability is a relative term and the portfolio is currently filling a key gap in the housing market, the lack of price controls in the portfolio undermines its long-term sustainability.

The BHC mission is '*To provide a wide range of <u>below market housing</u> options for residents of Banff National Park that support the needs of our community within our built environment*'. While the Equity Share Portfolio therefore still technically falls within the BHC mission, and appears to be filling a gap in the housing continuum, this portfolio also represents the largest segment of the entire BHC housing stock at nearly 50%. The BHC therefore remains interested in exploring strategies to realign the portfolio with the needs of moderate-income households, either partially or fully, while also protecting against rapid price appreciation in the portfolio over the longer term.

The following explores potential actions the BHC can take to achieve this objective.

5.1 Buyout Homeowner Equity in the Equity Share Portfolio and Redistribute the Home into the Price Restricted Portfolio

The primary action the BHC can consider is acquiring a home in the Equity Share Portfolio and reselling it within the Price Restricted Portfolio. The BHC could do this by either exercising their right of first refusal to purchase a home when it is sold or alternatively purchasing the home as it is offered for sale. There are considerations associated with each approach:

- Both approaches will require a budget to ensure the BHC has capital available to purchase a home as it becomes available. Additional budget will be necessary if the BHC intends to reset/lower the price of the home (expanded on to follow in 5.1.2).
- Exercising the right of first refusal is likely to create friction with prospective purchasers on the waitlist as they would be negotiating over a period to purchase the home, only for the BHC to acquire it at the end of the process. This could be mitigated by offering the home to the original successful bidder as priority when it is distributed back to the Price Restricted Portfolio. The BHC may instead elect to purchase the home as soon as it is offered for sale, rather than waiting for the home to sell and exercising the right of first refusal.
- If it becomes known that the BHC intends to acquire these homes, this might also impact the willingness of households on the waitlist to negotiate and submit offers. Without competition from other prospective purchasers, the establishment of FMV becomes more complicated and may require that the BHC acquire the home at the upper end of the bookended FMV to ensure fairness is granted to the seller. Alternatively, the BHC might acquire the home at the Base Market Value (e.g., average of the two appraisals) or through other adjustments to the bookending policy (see 5.4 to follow). Consultation with homeowners, households on the waitlist, and the public is recommended prior to advancing such a policy change.
- It may instead be possible for the BHC to not acquire the home, but rather implement a policy that notifies all homeowners in the Equity Share Portfolio that when they sell their home it will enter the Price Restricted Portfolio. The process for establishing FMV can be similar to what occurs currently, but if the offers received are low due to the portfolio change, the BHC can cover the gap between FMV and the offer received. This would save the BHC from having to secure a budget to cover the costs of acquiring the home, with available budget only being deployed to cover the divergence in price between FMV and the offer received.
    - For example: If FMV is determined to be $850,000, however the highest offer received is $650,000 due to the property being reallocated to the Price Restricted Portfolio, the BHC can compensate the seller by filling the $200,000 gap.
- It is important to also note that while a budget will be necessary, there are few homes sold each year in the portfolio, and the BHC does not necessarily need to act on every home that sells. However, it is also acknowledged that homes are likely to continue to appreciate looking forward, meaning it will become more expensive to acquire these properties over time.

This is the best option available to the BHC to secure long-term affordability and address the challenges facing this portfolio that have been identified in this report. Within this strategy, there are several options the BHC could consider, as detailed below.

5.1.1 Acquire Home and Redistribute to Price Restricted Portfolio

In this situation, the BHC would acquire the home and immediately resell it within the Price Restricted Portfolio. This would result in limited costs to the BHC, as it would involve buying and then selling the home for the same price, but with future appreciation limited to 2% annually. While the price would be higher than most homes currently within the Price Restricted Portfolio (e.g., Price Restricted currently averages \$447,000, Equity Share Average is \$750,000), future escalation would be capped.

While the overall cost to the BHC would be limited, a budget to temporarily acquire the home would be necessary.

In some situations, the BHC may find that the price a buyer is willing to pay might be influenced by a price cap being introduced. In other situations, the price of the home might be considered too high, with some of these homes selling near or in excess of \$1.0M. It may therefore be necessary in some situations for the BHC to reduce the price of the home before placing it into the Price Restricted Portfolio by increasing their equity share in the home. This might also be desirable from an outcome perspective.

5.1.2 Acquire Home, Reset Price, Redistribute to Price Restricted Portfolio

Building off the above, the BHC may also decide to reset the price before placing the home into the Price Restricted Portfolio. Using average values, the BHC would acquire a home in the Equity Share Portfolio for \$750,000, reset it to the average single-family home value in the Price Restricted Portfolio (\$585,000), and then resell the home into the Price Restricted Portfolio. In this example, an initial budget to temporarily acquire the home would be necessary, in addition to a capital expenditure of **\$165,000**. However, as identified in **Figure 10** of this report, and **Table 7** to follow, there is a considerable range in home values, with homes selling for between \$587,000 and \$1.19M since 2022 (with the BHC equity accounted for). The actual budget needed to reset the home price will therefore vary, and would have varied between **\$2,500** and **\$605,000** based on these transactions since 2022, averaging **\$205,000** per home overall.

The above also assumes the BHC is resetting the price to \$585,000 whereas in practice, the price could be reset to any figure the BHC determines appropriate. For example, the price of homes can be set based on target incomes (e.g. \$150,000 and corresponding purchase price of \$700,000 – **Table 1**), a proportion of comparable market pricing (e.g., 75% of comparable market pricing), a maximum proportion above the Price Restricted Portfolio (e.g., 20%), or other similar approach.

The specific action taken by the BHC would be dependant on budget availability, the number of homes sold in a year, and the characteristics and value of the home sold. For instance, prices can be reset if budget is available, otherwise the home might simply be redistributed to the Price Restricted Portfolio without a price adjustment. Alternatively, if the home price is below a particular threshold, the BHC may not reset the price.

5.1.3 Acquire Home, Undertake Retrofits, Redistribute to Price Restricted Portfolio

In some instances, the BHC could also acquire the home and undertake targeted retrofits. This could include actions such as implementing an Additional Dwelling Unit ('ADU') such as a basement or accessory dwelling, which is currently supported by incentives made available by the Town[9]. This would be an effective way to increase housing supply in the Town, with the home and associated rental unit being offered for sale within the Price Restricted Portfolio.

It is important to recognize that not all homeowners would view a rental unit as desirable as not everyone wants to be a landlord. It also would not be strategic for the BHC to invest capital in such a retrofit and then forfeit the rental income associated with the new rental unit. As such, it might be possible for the BHC to retain ownership over the rental unit, which would also include setting the rents, tenanting the space, and collecting the associated cash flow (see 5.1.4 to follow).

5.1.4 Acquire Home, Undertake Retrofits, Redistribute to Rental Portfolio

The BHC could also consider acquiring the home and adding it to the Rental Portfolio. This could involve several possible scenarios:

- Simply renting the entire home to an eligible household.
- Adding an ADU and renting both the home and the new ADU to eligible households. The BHC could also offer management services for the ADU that includes responsibility to tenanting and managing the unit in exchange for the unit being rented at a below-market rate.
- Adding an ADU and retaining ownership over it and responsibilities for tenanting and managing the unit. The main property can be sold as is normal practice.
- Retrofitting the home into a multi-plex with several rental units, which could also include an ADU. The home could then be rented by the BHC through their rental portfolio.

This strategy would increase the supply of rental housing the Town, as well as increase the supply of housing broadly, whereas the other strategies identified above would seek to address the issues facing the Equity Share Portfolio without increasing or broadening housing supply in the Town. However, this would also require that the BHC allocate capital, and/or secure financing to purchase the home and undertake the retrofits, with the capital being repaid slowly over time through the building's cashflow.

A more significant budget will therefore be necessary to implement this strategy.

5.2 Sell the BHC Equity Within the Equity Share Portfolio

Rather than acquiring the homes and placing them within the Price Restricted Portfolio, the BHC could instead sell their equity share in the property and allow the home to resell in the future at full market value.

[9] $30,000 is available for the creation of a net new accessory dwelling.

This could be done at the time of sale, but the BHC could also proactively engage with existing homeowners to gauge their interest in purchasing the BHC stake in their home.

The BHC could then use the capital raised through this strategy to invest in new housing developments. Assuming an average sale value that is 16% above assessed values, and the BHC average equity stake of 25%, the 161 homes in this portfolio could net the BHC over $40M if the entire equity share was sold.

However, it is important to identify that the land lease agreement with Parks Canada currently does not allow the BHC to sell these homes without their approval as these homes are meant to provide perpetual affordability. This would require coordination and approval with Parks Canada. It is also important to note that development opportunities in the Town are limited, meaning there is a chance the Town will have trouble deploying capital to build new housing. It will also be very challenging to build new low-density and family-oriented housing if this portfolio were sold and allowed to transact in the future at market rate.

If this strategy were to be pursued, it is recommended that it be pursued at a large scale for the following reasons:

- Selling a small number of homes will generate a small amount of capital that will not allow for significant new investments in housing.
- Parks Canada will likely want to see a business plan / development strategy for how the generated capital will be deployed, rather than a policy to sell homes on an ad hoc or infrequent basis.
- If new development cannot be advanced, this strategy will simply result in the loss of below-market housing options in the community that cannot easily be replaced.

5.3 Adjust the Waitlist Parameters Within the Equity Share Portfolio

The BHC could consider adjusting the waitlist parameters to include income limits or other limitations (e.g., asset limits) to indirectly reduce future appreciation. For example, if income limits were established, this would limit the amount a prospective homeowner could afford to pay for housing. This strategy could therefore create a price limit without requiring the BHC to acquire the homes, reset its price, and integrate the home into the Price Restricted Portfolio.

However, while introducing income limits could theoretically be effective, it is noted that the eligibility criteria for the BHC portfolio requires residents to live and work within Banff. While incomes in Banff will vary widely, the average household income as per the 2021 census is $103,000. As illustrated by **Table 6**, this would translate to an affordable purchase price of around $476,000 (assuming a 10% downpayment), with only 26% of households in the community being able to afford a home over $700,000.

This data indicates that incomes alone are unlikely the sole factor allowing households to purchase homes in the community, both within and outside the BHC portfolio. It is likely that households are being further supported with capital earned through other means (e.g., inheritance, cash gift from family, equity earned through previous homeownership, co-living, and others). This trend of intergenerational wealth transfer is explored in Section 2 of this report, but is also specifically identified by the BHC as a key factor that has enabled some of the most recent transactions within their ownership portfolios.

It is therefore likely necessary that the BHC would need to adjust other parameters of the waitlist in addition to setting income limits, such as:

- Limits on the net worth or asset value of households applying for housing.
- Requirements for households to be first time buyers to eliminate potential of significant equity gained through previous homeownership. While the BHC currently grants priority to first-time buyers, if their offer is below the established FMV, the seller is able to move through the waitlist and pursue a higher bid.

Table 6

Banff Income Profile and Housing Affordability			
Household Income Range	**# of Households**	**% of Households**	**Affordable Purchase Price (top end of the range)***
Under $40,000	405	14%	$185,013
$40,000 - $80,000	845	29%	$370,026
$80,000 - $125,000	905	31%	$578,165
$125,000 - $150,000	250	9%	$693,798
$150,000 - $200,000	265	9%	$925,064
Over $200,000	250	9%	
Average - $103,000	-	-	$476,408
Source: 2021 Census Profile. * Assumes 4% interest, 30 year amoritization, 30% of income used for debt servicing, 10% downpayment			

Given that incomes alone are not likely driving the ability for households on the waitlist to acquire homes at elevated prices, and that a first-time buyer restriction would not protect against households receiving a cash gift or inheritance, it would appear that an asset limit restriction that is coupled with the recently adopted first-time buyer priority would be the most effective course of action.

While this type of strategy could be effective in reducing future appreciation in the Equity Share Portfolio without direct costs to the BHC, it also will create friction with current homeowners and lead to serious issues over fairness as their housing investment and value would likely be impacted. Compensatory measures could be taken to address this issue at first resale (i.e., the first time a BHC home is sold after this policy change) if offers come in below FMV (similar to 5.1 above).

It is also noted that while these types of waitlist adjustments may not be necessary to restrict price growth in the Price Restricted Portfolio, they can nonetheless ensure housing is provided to the households most in need (i..e, prevent a household that could afford a home in the market from purchasing a BHC home). As such, these adjustments could be considered for both the Equity Share and Price Restricted Portfolios.

Income and asset / net worth limits for ownership housing programs have been implemented or explored in other communities, typically determined through self-declaration processes. Examples include:

- The Aspen/Pitkin County Housing Authority (APCHA) offers both affordable rental and ownership housing in the community. Of the 1,500 ownership homes, most are restricted to a 3% maximum annual price appreciation with other eligibility criteria similar to the BHC (e.g., must live and work in the community). However, the APCHA assigns Categories to each home that are meant to service different income levels, with maximum income and asset limits established for each as shown in **Figure 11** below.

Figure 11: APCHA Income and Asset Limits for Ownership Housing

Category Income Limits and Asset Caps (effective April 18, 2024)

Household Size	Category 1 (50% AMI)	Category 2 (85% AMI)	Category 3 (130% AMI)	Category 4 (205% AMI)	Category 5* (240% AMI)	RO Category
1-person	$44,000	$74,800	$114,400	$180,400	$211,200	No Income Limit
2-person	$50,300	$85,510	$130,780	$206,230	$241,440	No Income Limit
3-person	$56,550	$96,135	$147,030	$231,855	$271,440	No Income Limit
4-person	$62,850	$106,845	$163,410	$257,685	$301,680	No Income Limit
5-person	$67,900	$115,430	$176,540	$278,690	$325,920	No Income Limit
6-person	$72,900	$123,930	$189,540	$298,890	$349,920	No Income Limit
Net Assets not in excess of	$159,000	$366,000	$485,000	$685,000	$1,070,000	$2,658,000

- The Whistler Housing Authority (WHA) offers over 1,000 ownership homes in the community that require eligible households to be working full time in the community. The ownership portfolio has a price restriction in place tied to the consumer price index and eligible households cannot currently own another home, however no income or asset value limits are in place. The WHA did introduce a $300,000 asset limit for the rental portfolio in 2019.

- Canmore Community Housing (CCH) has a portfolio of 172 ownership homes, with all homes price restricted to inflation (i.e., CPI). The CCH recently significantly increased the gross household income limit to $250,000 and eliminated the asset limit of $143,500. These actions were taken to broaden the number of households eligible to join the waitlist, which was viewed favourable because of the price restrictions in place to protect long-term affordability[10].
- The Tofino Housing Corporation (THC) owns a portfolio of ownership housing that is available for eligible households living and working in the community. While asset limits are not established, the THC has income limits, households cannot own other property, and the portfolio contains price restrictions tied to CPI.

While income and asset limits have been established in other ownership portfolios, asset limits appear to be rarer for below-market ownership housing, but more common for below-market rental housing. This is likely because these limits can significantly impact the number of households that would be eligible to buy a home, as well as impacting the ability of a household to afford to purchase a home. These limits may also not be as necessary in markets where there are price restrictions in place, which appears to be the case for most housing corporations who offer ownership housing.

5.4 Eliminate the Bookending Practice for Appraisal

The BHC could also consider eliminating the bookending practice for determining FMV. Currently, the maximum sale price of the home is determined through the following:

- Establish the Base Market Value: The average of the two appraisals.
- Establish the Upper Limit: The lesser of 6% above the Base Market Value or 3% above the higher appraisal.
- Establish the Lower Limit: The greater of 6% below the Base Market Value or 3% below the lower appraisal.

Despite two appraisal reports being completed, the bookending practice essentially creates a larger buffer where the home can be sold for either 6% above the average of the two appraisals or 3% above the higher appraisal, whichever is less.

A criticism of the practice is that it potentially increases the likelihood of a home selling for above market value. When evaluating home sales in the Equity Share Portfolio over the past five years, several trends are observed (**Table 7**):

[10]https://www.rmoutlook.com/canmore/canmore-vital-homes-program-increases-income-threshold-6200789#:~:text=CCH's%20board%20voted%20to%20remove,for%20Town%2Downed%20affordable%20housing.

- Of the 14 homes to sell over the past five years (2019-2024), only three have sold for the maximum price permitted by the bookending practice. All three were limited by the 6% above Base Market Value factor.
- However, an additional four homes sold within 2% of the maximum permitter price. In total, these seven homes or 50% of the homes sold over the past five years accommodated sale values at or near the maximum purchase price, being 2% - 6% above the Base Market Value.
- The other seven homes have all sold for significantly less than the Maximum Permitted Price and the Base Market Value.
  - Looking at trends over time, four of the seven sales that were significantly below the Base Market Value (9% - 12%) all occurred in 2019.
  - Another property sold in 2023 for 6% below the Base Market Value and 10% below the Maximum Permitted Sale Price. The high sale value of this home ($1.01M) may have been a contributing factor.
  - The other two properties sold within 1% of the Base Market Value.
- The above indicates that in more recent years, homes are selling for closer to the Maximum Permitted Sale Price and above the Base Market Value. Since 2022, and excluding the outlier identified above, the five homes have sold for an average of 4% above the Base Market Value. Prior to 2022, homes were selling on average for 4% below the Base Market Value.

Eliminating the bookending practice could result in immediate value suppression in the portfolio. As identified above, removing this practice would have decreased sale values by an average of 4% or $38,750 since 2022. While it is acknowledged that this is a small impact, it nevertheless can slow the rate of appreciation occurring in this affordable ownership housing portfolio. In the case of the BHC acquiring these homes, this action would also lower the acquisition cost and required capital budget.

Table 7

BHC Equity Share Portfolio Sales Over Past Five Years: Comparison of Sale Values Relative to Appraised Value, Base Market Value, and Max Sale Price Established by the Bookend Practice														
Address	Highest appraisal	Lowest appraisal	Year	Sale Price	Sale Price to Purchaser (BHC Equity Stake Removed)	Bookend Practice					Deviation in Sale Price from Max Sale Price (+ indicating amount above Max Sale Price, - indicating amount below Max Sale Price)		Deviation in Sale Price from Base Market Value (+ indicating amount above Max Sale Price, - indicating amount below Max Sale Price)	
						Base Market Value (Average of Appraisals)	6% Above Base Market Value	3% Above Highest Appraisal	Max Permitted Sale Price	Lesser of Bookend (rule)				
1 Sundance Court	$975,000	$900,000	2024	$993,750	$796,987	$937,500	$993,750	$1,004,250	$993,750	6% Above Base Market Value	$0	0%	$56,250	6%
14 Sulphur Court	$1,090,000	$1,065,000	2023	$1,012,195	$830,000	$1,077,500	$1,142,150	$1,122,700	$1,122,700	3% Above Highest Appraisal	-$110,505	-10%	-$65,305	-6%
14 Sundance Court	$820,000	$731,000	2023	$822,000	$684,562	$775,500	$822,030	$844,600	$822,030	6% Above Base Market Value	$0	0%	$46,500	6%
14 Riverview Court	$875,000	$834,000	2023	$845,000	$587,275	$854,500	$905,770	$901,250	$901,250	3% Above Highest Appraisal	-$56,250	-6%	-$9,500	-1%
105 Middle Springs Drive	$860,000	$860,000	2022	$880,000	$642,224	$860,000	$911,600	$885,800	$885,800	3% Above Highest Appraisal	-$5,800	-1%	$20,000	2%
25 Fairholme Place	$1,550,000	$1,430,000	2022	$1,570,400	$1,190,991	$1,490,000	$1,579,400	$1,596,500	$1,579,400	6% Above Base Market Value	-$9,000	-1%	$80,400	5%
2 Sulphur Court	$857,000	$842,000	2021	$867,000	$701,403	$849,500	$900,470	$882,710	$882,710	3% Above Highest Appraisal	-$15,710	-2%	$17,500	2%
24 Sulphur Court	$825,000	$793,000	2020	$817,750	$661,559	$809,000	$857,540	$849,750	$849,750	3% Above Highest Appraisal	-$32,000	-4%	$8,750	1%
32 Fairholme Place	$765,000	$659,000	2020	$763,200	$498,522	$720,000	$763,200	$787,950	$763,200	6% Above Base Market Value	$0	0%	$43,200	6%
18 Sulphur Court	$825,000	$809,000	2020	$837,000	$640,305	$817,000	$866,020	$849,750	$849,750	3% Above Highest Appraisal	-$12,750	-2%	$20,000	2%
304 Middle Springs Drive	$890,000	$870,000	2019	$790,715	$620,000	$880,000	$932,800	$916,700	$916,700	3% Above Highest Appraisal	-$125,985	-14%	-$89,285	-10%
335 Middle Springs Drive	$982,000	$975,000	2019	$876,145	$660,000	$978,500	$1,037,210	$1,011,460	$1,011,460	3% Above Highest Appraisal	-$135,315	-13%	-$102,355	-10%
3 Sundance Court	$795,000	$763,000	2019	$707,344	$575,000	$779,000	$825,740	$818,850	$818,850	3% Above Highest Appraisal	-$111,506	-14%	-$71,656	-9%
10 Sundance Court	$784,000	$775,000	2019	$683,080	$553,500	$779,500	$826,270	$807,520	$807,520	3% Above Highest Appraisal	-$124,440	-15%	-$96,420	-12%

6.0 Conclusions

The analysis in this report indicates that the BHC should consider actions to limit rapid price appreciation in the Equity Share Portfolio. Additionally, the BHC should also continue in its efforts to increase the supply of housing within both its Rental and Price Restricted Portfolios, as was done recently with The Aster and as planned to occur at the Wolf Street Development. Further housing development undertaken through the Town's ADU incentive program, development on Town Lands, and partnerships with Parks Canada on their lands should also continue to be investigated and executed as appropriate.

While taking action to address current issues with the Equity Share Portfolio might have moderate impacts on affordability, it doesn't directly increase housing supply in the Town. Any actions and required supporting budget must therefore be balanced against the funding needed to support new investments in housing. We therefore recommend the following actions for the BHC to consider over the near to longer term as it continues to administer the Equity Share Portfolio:

- Establish a capital budget of $2M that can be used to acquire homes in the Equity Share Portfolio as they become available. This budget should allow the BHC to acquire as many as three homes per year, whereas the portfolio has experienced an average of five sales per year since 2010. This initial budget will be a temporary expenditure as homes are purchased and resold, and will therefore be replenished as each transaction is completed.
    - Alternatively, it may be possible for the BHC to instead implement a policy whereby all homes in the Equity Share Portfolio will transfer to the Price Restricted Portfolio at next sale. This would eliminate the need for a revolving fund of capital to purchase and resell homes.
- The BHC should then consider an additional annual contribution of between $150,000 and $1.0M that will allow it to deploy a variety of the strategies identified in Section 5 of this report. This fund would represent capital expenditures that would need to be replenished each year.
- Undertake strategic actions with the acquired home as resources and budget allow:
    - Where budget is limited, particularly at first, the home can be acquired using the initial budget and resold at the same or similar price within the Price Restricted Portfolio.
    - However, the BHC should prioritize resetting the price of the home where possible and where funding is available. To reset the price of homes sold over the past five years to the average single-family home in the Price Restricted Portfolio ($585,000) would have cost around $200,000, on average, per home.
    - The above per-unit cost is significantly less than the cost to build a new home. It is also noted that the BHC would not have to reset the price to fully match the Price Restricted Portfolio but rather lowering the price to the degree possible based on budget availability, or not at all.
    - Should new development opportunities diminish, the BHC should consider taking bolder action such as those recommended in 5.1.3 and 5.1.4 where homes are acquired, retrofitted, increase the number of units, and either sell within the Price Restricted Portfolio or rent the homes.

- Should budget be unavailable to acquire a home as it is advertised for sale, the BHC should allow the home to transact within the Equity Share Portfolio, rather than attempt to sell their equity. This portfolio still offers family-oriented housing to the residents of Banff that is below the price of comparable market options.
- The proportional share of the Equity Share Portfolio within the BHC housing stock is high (~50%) and the BHC should seek to reduce this share through the actions identified. However, this portfolio does still fill a need in the market and should not be eliminated completely.

- The BHC can consider adjusting or eliminating the bookend practice, however this will only have modest impacts as assessed in Section 5 of this report. Implementing the identified changes to the bookend practice might also allow the BHC to acquire these homes for a slight discount. The BHC could also consider adjusting the waitlist parameters to reduce future demand and price appreciation in the portfolio, however this would be challenging and likely to experience significant resistance from current and prospective homeowners.
- Based on a review of other housing providers who provide below-market ownership housing (e.g., Canmore, Jasper, Pitkin County/Aspen, Cochrane), all these providers have price restrictions in place as the primary mechanism to protect for long-term affordability in the portfolio. Actions to introduce price restrictions are likely to be the most effective with fewer negative externalities relative to adjusting waitlist and eligibility criteria, adjusting the bookend practice, and other similar approaches.
- Other approaches the Town can consider to expand the supply of new below-market housing include:
  - Introducing financial incentives to encourage the creation of below-market housing in new developments.
  - Introducing density bonusing and/or inclusionary zoning provisions that require affordable housing to be provided in new developments pursuing a density increase.
  - BHC could offer property management services to properties that have an ADU where the BHC would be responsible for tenanting, managing, and operating these units. In exchange for this service, the rents could be maintained at affordable rates.
  - Using publicly owned land to create new housing through the BHC, which has and is continuing to occur in the Town.
  - The Town should also monitor new housing supply and proposals and make further adjustments to zoning and land use framework as appropriate. The Town should also monitor take up in the existing ADU program and make adjustments as appropriate to encourage greater delivery by the private market.

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