RESIDENTIAL DEVELOPER BEHAVIOUR
IN BRITISH COLUMBIA

by

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ABSTRACT

The form and scale of our urban landscape is the net result of an evolutionary process in which there are countless numbers of participants. Societal ambitions and desires are translated subject to a number of constraints, to demands for various qualities and quantities of consumer goods. One of these goods is housing services - the service rendered by the occupation of, or associated with the ownership of, residential real property. This demand gives impetus to the production sector, the residential development industry, whose members, as entrepreneurs, devote their time and energy in an effort to transform these unsatisfied desires into compensation for their activity. The aggregate response of developers, whether they are catering to residential, commercial or retail real estate markets, taken over a period of time, lays the fundamental framework upon which our urban centers grow. As Kaiser notes;

"In spite of the key role played by the residential developer in the conversion of open land to urban residential use, he has been relatively ignored by investigators of residential growth in the urban spatial structure." (Kaiser, 1968, p. 351.)

It is hoped that this paper, through a micro level investigation of the decision-making process of the suppliers of residential real estate, will lead to an improved understanding of the operation of the real estate market as a whole. Ultimately such research should strengthen the platform upon which housing research and subsequent policy is conducted.

This report is based upon information gathered by means of a questionnaire administered to 140 residential developers operating in the province of British Columbia in the three year period preceding January 1975. The
questionnaire was divided into 7 sections designed to gain insight in the following general areas:

1. General characteristics of development firms
2. Elements of multiple unit development
3. Elements of single unit development
4. The role of land use contracts in residential development
5. The subdivision process
6. Stages and components of the residential development process
7. The financing of residential development

Based on the responses of developers included in the study and the analytical framework detailed in Section 2.4 of this report, a number of conclusions were drawn with respect to developer behaviour and the operation of the market. Implications of current trends in the residential development industry are discussed and policy suggestions are made.
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The Real Estate Institute of British Columbia also deserves a special note of thanks for the financial support that made the study possible.

Finally I would like to take this opportunity to express my gratitude to Professors Baxter, Hamilton and Goldberg for helping to make my program in Urban Land Economics an interesting and valuable experience.
Chapter I THE DEVELOPER'S ROLE IN PROVIDING HOUSING AND IN BUILDING CITIES

In recent years much controversy has arisen over the cost and availability of residential housing. The cost of housing services has risen dramatically, primarily as a result of continuing urbanization, demographic shifts within the population\(^1\) and increases in real disposable income.\(^2\) Demand forces have outstripped the rate at which the level of housing services has been able to increase. In this light it seems reasonable that research in the decision-making process of the suppliers of residential real estate may prove a valuable aid to an eventual easing of the present situation.

1.1 The Supply of New Units

The form and scale of our urban landscape is the net result of an evolutionary process in which there are countless numbers of participants. The ambitions and desires of the public at large are translated, subject to social and budgetary constraints, to demand for various quantities and qualities of consumer goods, one of which is housing services - the service rendered by the occupation of, or associated with the ownership of, residential real property. This demand gives impetus to the production sector, the residential development industry, whose members, as entrepreneurs, devote their time and skill in an effort to transform these unsatisfied desires into compensation for their activity. Being 'price takers' rather than 'price setters' in both input (land, labour, and materials) and output (the final good, housing) markets, individual developers simply decide whether the probable return from a given project under consideration justifies the effort
and expense required to undertake the venture. This decision will be
guided by the relative attractiveness of a wide range of alternate invest­
ment opportunities. Thus anything that affects either the cost of inputs to
the production process or the final price of the finished good will have an
effect on the individual developers' ultimate investment decision.

The response of the development industry to the desires expressed in
the marketplace is tempered by government regulation and restriction both
of a direct (i.e. zoning controls) and indirect (i.e. the provision of
public works) nature. Thus while there may be sufficient demand for a parti­
cular service in a given area (i.e. a new shopping center) this demand may
not be satisfied due to regulation to the contrary presumably in the interest
of the 'public good'. Regulation of this type stems from an awareness that
in certain circumstances the long run interest of the community may best
be served by blocking the satisfaction of a demand that fails to adequately
account for the long run consequences stemming from its immediate gratifi­
cation.

The aggregate response of developers, whether they are catering to
residential, commercial, or retail real estate markets, taken over a period
of time, lays the fundamental framework upon which our urban centers grow.
The decision-making process is highly decentralized and it is only through
incremental change brought about by the actions of a wide array of players,
each seeking to maximize his own well-being, while at the same time working
within the framework of societal pressures, and individual values and pre­
judices, that the urban form evolves.

It is hoped that this paper will contribute to a higher level of under­
standing of the micro-level decision unit and thereby lead to a better under­
standing of the operation of the market as a whole. Ultimately such research should strengthen the platform upon which housing analysis and subsequent policy making is conducted.

1.2 The Developer's Role

The developer is an entrepreneur. His function is to:

a) supply capital
b) organize production
c) decide on the level of output
d) bear the risk involved in the operation of his enterprise

Based on the efficiency with which he performs the above functions in conjunction with the skill with which he anticipates demand forces present in the market and correctly matches his production to them, the developer generates a profit. Developers may serve in this entrepreneurial role exclusively or alternatively (in the majority of cases) combine this role with that of land assembler, subdivider, construction firm or real estate broker. Problems associated with the identification of this often low profile individual are discussed in Section 4.1.1 of this report.

1.3 Stages in the Development Process

The process by which residential housing is created is usually viewed as being the end result of a number of distinct decisions. These may be broadly categorized into four classifications: firstly, the decision of the pre-development (or redevelopment) landowner to actively consider development proposals; secondly, the developer's decision to con-
sider the parcel in question for (re)development; thirdly, the decision of the developer to purchase and proceed with development; and finally the housing consumer's decision to purchase or otherwise obtain the right to benefit from the flow of services provided by the developer. The postponement of any one of the four decisions will pre-empt the occurrence of the following state until such time as positive action is allowed to transpire.

**STATES AND KEY DECISIONS IN THE RESIDENTIAL LAND CONVERSION PROCESS**

<table>
<thead>
<tr>
<th>STATE</th>
<th>DESCRIPTION</th>
<th>DECISION</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Urban Interest</td>
<td>- the land has development potential and the existing use has become transitional</td>
<td>a. decision to consider the land for development purposes</td>
</tr>
<tr>
<td>2. Active consideration for development</td>
<td>- developer and landowner have contacted each other regarding the possible sale or purchase of the property</td>
<td>b. decision to purchase the land</td>
</tr>
<tr>
<td>3. Programmed for development</td>
<td>- developer has a definite idea of the timing and character of the development</td>
<td>c. decision to develop the land</td>
</tr>
<tr>
<td>4. Development</td>
<td>- developer has begun physical development of the land</td>
<td>d. householder's selection of residence</td>
</tr>
<tr>
<td>5. Residence</td>
<td>- householder has purchased the residential package of house and lot</td>
<td></td>
</tr>
</tbody>
</table>

The outcome of the first stage, the decision of the pre (or re) development landowner, is highly dependent upon the actions of the developer in conjunction with his own estimation of the probable future worth of the property (discounted to the present) and his own financial position and ambitions.
Generally he will be willing to dispose of his property when the net benefit of such action exceeds the expected benefit to be derived from continued holding including his estimation of the capitalized value increment (if any) to be gained from continued holding in conjunction with an amount that he deems necessary to entice him to undertake the inconvenience of relocation and reinvestment.

The final stage, that of the consumer decision, goes a long way to temper the decision-making process of the developer. Thus the developer's decision may be regarded as stemming from the desires of the eventual consumers of his product. The developer is responding to the collective desires or demand as expressed by potential users of the product he provides and in turn he translates these desires in the form of an offer to purchase to the holder of developable land. The dollar amount of such an offer is a residual value based on the developers' expected final price for the particular project. Developers estimate the market value of a given project upon completion, subtract the costs of creating the product, including the desired profit, and arrive at a maximum bid price for land. The collective actions of all developers in this residual pricing process sets the market level of land prices. An individual developer must accept the market determined price if he is to be successful in his attempts to acquire land. If the market price for land exceeds the amount any particular developer can afford to pay and still retain an acceptable profit he will simply refuse to participate until such time as either the marketability of his product improves or the cost of inputs decreases to the point where profitability of the undertaking is reinstated. Thus it is the collective bids of all participants in the urban land market that sets the level of prices in
the marketplace rather than the actions of any one individual.

1.4 The Present Study and the Development Process

The present study represents an attempt to clarify the decision-making process and behavioural aspects of the suppliers of new residential housing. It is only through an evolutionary process guided by the individual decisions of countless numbers of developers, as constrained, both directly and indirectly, by public regulation, that the form and scale of our cities is molded.

"In spite of the key role played by the residential developer in the conversion of open land to urban residential use, he has been relatively ignored by investigators of residential growth in the urban spatial structure."6

The intention of this study is to investigate residential developer behavioural characteristics focusing primarily on the following general areas:

a) Industry characteristics
b) Location criteria
c) Land acquisition behaviour
d) Financing
e) Public regulation

In certain cases specific aspects will be treated spatially, examining differences with respect to metropolitan area developers versus non-metropolitan area developers. On a second level, emerging trends will be discussed by means of longitudinal analysis made possible by an earlier study of a similar nature conducted in 1972. The conclusions reached in this earlier study are reviewed in Chapter 3 of this report.
Notes and References

Chapter One

Chapter II   THE ECONOMICS OF THE RESIDENTIAL DEVELOPMENT PROCESS

2.1 Research Avenues in Residential Development

The importance of new residential construction to the national economy cannot be understated:

New residential construction has played an important role in the generation of income and employment in Canada. Between 1950 and 1969 new residential construction accounted for 41.1 per cent of total private new construction expenditure, 25.2 per cent of business gross fixed capital formation and 4.8 per cent of gross national expenditure, and directly provided employment for approximately 4 per cent of the Canadian civilian non-agriculture labour force. Moreover this activity was further enhanced by an estimated 40-50 per cent through the residential service investment it induces in the form of electric, gas, telephone sewer and water facilities, sidewalks, and some portion of schools, hospitals, and churches, and by the demand it generates for new consumer durables such as refrigerators, stoves, carpets, drapes, and other new furnishings and appliances.

Because of its direct impact on gross national expenditure residential construction is an important factor in national income determination. As such the flow of new housing units has been the topic of considerable research. Traditionally the avenues of investigation have followed one, and at times several, of the following branches.

FIGURE 2.1
RESEARCH AVENUES

MACROECONOMIC   MICROECONOMIC

BEHAVIOUR ANALYSIS   MARKET ANALYSIS

PRODUCER BEHAVIOUR   CONSUMER BEHAVIOUR   REAL ESTATE INVESTMENT ANALYSIS   STRUCTURAL ANALYSIS
As discussed in Chapter I, the main emphasis of this paper shall rest in an investigation of producer behaviour. However to place the topic in its proper context the first portion of this chapter will be devoted to a brief discussion of both the macro and microeconomic literature relevant to the subject. The second portion of this section introduces the ongoing work of Kaiser and Weiss in the field of producer/developer behaviour. The final portion of this chapter summarizes two recent papers concerning the flow of new units onto the market in the Vancouver area in order to give a degree of insight into the environment in which the residential development industry operates in the Province of British Columbia. Chapter 3 reviews a 1972 study by Michael Goldberg conducted in the Metropolitan Vancouver area that forms the basis for longitudinal comparisons contained in Chapter 4 of this report.

2.2 Macroeconomic Research: An Overview

Prime examples of macroeconomic models of the residential construction industry are those of Maisel in the United States and L.B. Smith in Canada. Maisel's model links the level of construction activity as measured by the number of dwelling starts to factors such as:

- the treasury bill rate applicable to new issues
- the deviation of vacancies at the start of the quarter from the straight line trend
- the rent component of the BLS Consumer Price Index
- the residential cost component of the GNP implicit price index
- an estimate of new removals from the stock
- net household formation in the quarter. ²

L.B. Smith differentiates between single and multiple family starts
in an attempt to account for the fact that a change in a given variable, for example the availability of mortgage credit, may affect these submarkets in different ways. With the exception of the unit pricing variables (the price of housing versus an averaged rent value) the equations for both structural types remain similar. Variables of prime importance are:

- construction costs per square foot (NHA single-detached dwellings)
- an index of land costs (NHA single detached dwellings)
- an averaged mortgage interest rate (conventional and NHA)
- a proxy variable for the availability of private mortgage credit
- a dummy variable to account for the winter works housebuilding incentive program
- averaged vacancy rates (for both single and multiple units)\(^3\)

Macroeconomic analysis of the housebuilding industry, as exemplified by the work of Maisel and L.B. Smith, certainly has its place in the study of residential development; however, such investigations, by their very nature cannot account for the local nature of real property markets. These models, while useful at the national level in the prediction of future trends given alternate policy variations, cannot shed much light on the rationale guiding the decision-making processes of those directly responsible for molding the shape and size of our urban communities.

2.3 Microeconomic Research: An Overview

Research at the microeconomic level can be broadly assigned to one of two categories; market and behavioural analysis. Market analysis may be further categorized as either real estate investment analysis or structural analysis. While it is beyond the scope of this study to delve into the con-
siderable body of literature centering upon real estate investment analysis, interested readers are directed to the works of Ratcliff, Maisel, Wendt and Cerf, and Eichler and Kaplin. Structural analysis of the residential housing markets, such as that by Herzog and Price will be discussed in Chapter Four of this report where it will be compared to the results of the current study.

Behavioural analysis relevant to the residential development industry may be again broadly categorized into two subsets; that of consumer behaviour and producer behaviour. On the demand side, notable works such as those by Rossi, Foote, and Lansing delve into research and analysis of housing consumer behaviour. As pointed out by Goldberg (1972) however, similar research on the supply side of the market is largely lacking. The principal body of supply oriented research is that of Kaiser and Weiss in North Carolina.

In their research program Kaiser and Weiss follow single family residential development from the decision-making of the predevelopment landowner through to the decision-making process of the eventual housing consumer. In their investigations Kaiser and Weiss consider the urbanization of previously agricultural land from start to finish; from the decision of the predevelopment landowner to consider development proposals to the ultimate purchase decision of the consumer. In a sense, the present study is an attempt to deal with a much narrower subset of the development process, namely behavioural aspects of the residential developer. However, the definition of 'residential developer' is considerably broadened in the present study relative to that employed by the North Carolina group. Rather than concentrating solely on the single family developer involved in the con-
version of raw land to residential units the present study represents an attempt to consider the decision-making process of a wider range of residential developer types including those involved in
- new development and redevelopment
- metropolitan area and non-metropolitan area development

In addition, variations in the decision-making of developers of varying structural dwelling types will be considered. Thus within the restrictions imposed by the size of the sample (140 developers were questioned in detail) and where the results warrant it, bi-variate tabulations are given by degree of urbanization and structural type.

Discussion of the conclusions by Kaiser and Weiss will be postponed until the fourth chapter of this report where they can be more meaningfully compared to the results of the present study. The remainder of this section consists of firstly, a discussion of the microeconomics of housing supply, and secondly a review of the major findings and recommendations contained in two recent papers dealing with the supply and the problems relating to the supply of new residential units in the Province of British Columbia. Although these papers are more specifically directed at the metropolitan Vancouver area, many of the points made can be applied with equal credibility at the provincial level. As such they provide an insight into the environment in which developers are operating in the area encompassed by the present study.

2.4 The Microeconomics of Housing Supply With Respect to the Flow of New Units

The purpose of this subsection is to discuss the microeconomics of
housing with respect to the flow of new residential housing units. To do so, one must first point to the unique characteristics associated with the housing market. By and large the flow of services stemming from residential housing (as opposed to the housing units themselves) is similar to that stemming from most consumer goods: it satisfies a demand and bestows a benefit upon the user. In a number of respects however, the flow of services stemming from housing units is dissimilar to most other consumer goods.

Because of the durability of real property the stock of existing dwelling units is very large relative to the annual additions to the stock. Seldom does the flow or the new additions to the stock exceed 3 - 4% of the total available stock. This fact, combined with the immobility of real property, has significant implications with respect to the operation of the market. The average level of prices relevant at any one time (in a given property market) is a reflection of the extent of consumer demand interacting with the quality and quantity of the housing stock. The total supply of housing services available at any one time is to a certain extent, price elastic. Increases in demand, may, through the market adjustment process, lead to a more intensive utilization of the existing stock and consequently the magnitude of the level of services stemming from the stock may increase. The total supply of housing units is however almost totally price-inelastic in the short run. Increases in the price of housing will not, in the short run, lead to any significant increases in the total supply of housing units. This relationship is summarized below in Figure 2.4.1.
The above figure summarizes the housing market's response to an increase in the level of consumer demand and the subsequent short run price adjustment. The initial response is for the average price per unit to increase from $P_1$ to $P_2$ as a result of the increase in demand (from $D_1D_1$ to $D_2D_2$). The increase in the total available supply over the period is represented by the rightward shift of the supply curve from $S_1$ to $S_2$. Note that the magnitude of this shift is very moderate (due to the small proportion of total supply represented by the annual flow). As a result short-run increments in supply have little effect on the prevailing level of prices.

Figure 2.4.2 expands the previous illustration to consider the relationship between the stock of housing units, the level of consumer demand and the rate at which new units are added to the market in the short run.
Once again, an increase in the level of consumer demand has been assumed. This increase is represented by the shift in the demand curve from $D_1$ to $D_2$. (See Figure 2.4.2(a)). A breakdown of the cost of the factors of production (Figure 2.4.2(b)) is presented and as is apparent from the figure the price attainable for a dwelling unit is significantly larger than the costs of production of that dwelling unit. The immediate response of the development industry will be to expand the rate at which new units are added to the market in an attempt to capture the short run profit increment. This response is the result of existing producers increasing their output and new producers attracted to the field (see Figure 2.4.2(c)). The extent to which new producers are attracted is a function of the magnitude of the increase in profit attainable. Thus builders or developers who were not currently involved in the production of new residential dwellings prior to the increase in price may, if the increase in attainable...
profit exceeds their opportunity cost, resume or begin development of residential dwellings.

The increase in developer profit is, however, a short lived phenomena. The fact that there is an increased number of producers, or for that matter, the same number of producers with increased rates of production, places upward pressure on the prices of the factors of production. This is particularly true of the land component. As the number of producers increases and as existing producers exhaust their inventories of developable land, competition for this component increases. Figure 2.4.3 illustrates this situation. The effect of an increase in the intensity of competition for the factors of production is an increase in the cost of the factors. The cost (to the developer) of raw land will increase as competition stiffens. Increases in the cost of the factors of production lead to a shift of the industry's marginal cost curve from $MC_1$ to $MC_2$. That is to say, the industry's response to increases in the cost of land or expressed another way, declining profits (while the price of the finished good remains constant, at its new higher level, $P_2$) is to reduce their level of output. Thus despite an increase in demand (from $D_1$ to $D_2$), the long run effect is not, in the general case, to increase the rate at which new units are added to the existing stock. Only when the increase in the value of the land residual increases the availability of developable land in a market that was previously constrained by a limited supply of developable land, will increases in demand lead to anything more than temporary increases in the rate of new housing units onto the market.
Figure 2.4.3
Secondary Effects of the Residual Pricing Mechanism

Available Supply
(100,000's of Units)

Flow of New Units Per Period
(100's of Units)
The speed with which the marginal cost curve shifts upward and to the left is dependent upon lags in the marketplace. If all producers responded to the short run profit increment by immediately attempting to purchase more developable land, the shift would occur rapidly. However due to imperfect knowledge and differing expectations, both on the part of the producers and owners of the factors of production the speed with which this shift occurs will be moderated.

The industry output occurring in the period will lie somewhere between $Q_1$ and $Q_2$. The exact level of production, represented by $Q^*$ is however, unknown, as it depends on the rapidly with which the marginal cost curve shifts to the left.

Having considered some of the more relevant points with respect to the microeconomics of residential development we shall now turn to a brief introduction to the environment in which the industry operates.

2.5 The Residential Development Process in British Columbia

As is the case in many urban centers in North America the provision of residential housing is a contentious issue in British Columbia. Demand pressures stemming from a variety of sources have increased at a rate greater than the increases in the level of available housing services. Consequently, in recent years the market response has been rapid price escalation. The price mechanism's ability to effectively signal the need for increased housing services has not been impaired in the general case, (rent control provisions are likely responsible for a dampening of tenure specific price signals) however the development industry's ability to respond to these
signals has been impaired through a general tendency toward a no-growth philosophy at the local government level.

Thus, it is with the industry's ability to respond to demands created in the marketplace in mind, that we now turn to the development industry in British Columbia and problems related to it.

In May of 1973 the Urban Development Institute of British Columbia (U.D.I.) prepared and submitted a brief to the provincial government outlining its position with respect to the at that time current housing situation. The U.D.I.'s major contentions were that:

a) There was an acute shortage of rental units

b) The level of new starts (both owner-occupied and rental) were extremely low

c) Federal funds available for low cost housing were not being utilized

d) Rapid price inflation had decreased the proportion of the population that were capable of purchasing a new home without subsidization

e) The amount of land being developed was substantially below that required to satisfy normal absorption rates.

The U.D.I. placed the brunt of the blame for these observations on:

1) The apparent desire of most communities to restrict growth, particularly in the area of multiple dwellings and low income housing
2) Lack of overall planning and land use patterns within municipalities
3) Lack of investigation that could allow the regulation of development on an equitable basis
4) Unreasonable on-site and off-site servicing requirements
5) Shortage of community facilities such as schools and transportation

In November of 1974 the U.D.I. released an updated version of the earlier report. This report concluded that many of the problems and issues mentioned in the 1973 work were still unsolved while new problems had arisen over the 16 month period separating the two reports. Of primary importance
in the latter version were:

- implementation of the Agricultural Land Reserve (provincial)
- implementation of rent controls (provincial)
- continued resistance to growth at the municipal level
- environmental issues
- legislation issues - primarily the land use and development provisions of the Municipal Act
- lack of advance planning and trunk servicing (municipal)
- adoption of Land Use Contracts (and impost fees) (municipal)
- inadequate appeal procedures (municipal)

From the above list of 'contentious issues' one can clearly see that the root complaint is that of municipal resistance to residential growth with the balance of the above complaints centering on symptoms rather than causes.

In the spring of 1974 the Real Estate Board of Greater Vancouver released its version of the problems related to the land development process as it affects the supply of new housing within the Greater Vancouver Regional District. Again municipal no-growth policies are labelled as a root cause of the problems affecting the flow of new units.

The report emphasized many of the same symptoms recognized by the earlier U.D.I. report and again concluded that the primary causal factor rested at the municipal level. Taken together the reports from the U.D.I. and the Real Estate Board of Greater Vancouver may be regarded as being representative of the feelings of the development industry with respect to the problems facing the suppliers of residential real estate. The intent
of the balance of this paper is to investigate how the industry is responding to this negative environment, secondly to analyze the long run implications of a continued existence of this environment, and finally to make policy recommendations that hopefully will help to ease some of the current problems in a fashion that is both acceptable to the local level political participant and at the same time equitable to the existing residents of communities within the province and to those who will be joining us in the future.
Notes and References

Chapter Two


3. L.B. Smith, pp. 27-43.


15. ICO Real Estate Management Ltd., *The Land Development Process as it Affects the Supply of New Housing Within the Greater Vancouver Regional District*, Vancouver, Real Estate Board of Greater Vancouver, May 1974.
CHAPTER III A REVIEW OF THE 1972 DEVELOPER SURVEY

In the summer months of 1972 a sample of residential developers operating in the metropolitan Vancouver area was surveyed by a team of researchers from the University of British Columbia. The study was conducted in conjunction with the development of a regional simulation model "to aid in understanding developers' behaviour, to allow our society to better provide for shelter".1 This section, a summary of the 1972 study, is included so that trends present in the industry may be identified and commented upon in the following section of this report. As such, the remainder of this chapter draws heavily from the work of Michael Goldberg and Richard Moore.2

3.1 A General Description of the 1972 Survey

A detailed questionnaire (see Appendix 1) was administered to developers involved in the creation of residential housing units (including subdividers) in the Greater Vancouver Regional District (G.V.R.D.). In all 63 developers responded to a wide variety of questions concerning their behaviour and activities. Of the 63 participants in the survey 46 were involved in the development of single family units, 38 were involved in multiple unit development and 27 responded positively to a question relating to activity in residential subdivision. Table 72-1 summarizes the composition of the sample.
Table 72-1

Dwelling Units Completed by Sample

<table>
<thead>
<tr>
<th>Year</th>
<th>Multiple Dwelling Units</th>
<th>Single Family Units</th>
<th>Total</th>
<th>Lots</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sample Total</td>
<td>%</td>
<td>Regional Total</td>
<td>%</td>
</tr>
<tr>
<td>1972</td>
<td>4329 6957</td>
<td>62.2</td>
<td>2132 7451</td>
<td>28.6</td>
</tr>
<tr>
<td>1971</td>
<td>3332 9760</td>
<td>34.1</td>
<td>1373 5216</td>
<td>26.3</td>
</tr>
<tr>
<td>1970</td>
<td>2834 8760</td>
<td>32.4</td>
<td>1035 4365</td>
<td>23.7</td>
</tr>
</tbody>
</table>

From Table 72-1 it can be seen that the proportion of units completed by developers included in the sample rose steadily over the three study years relative to the regional total. Thus although the sample contained a minority of the developers active at the time the study was conducted (63 out of an estimated total of over 300) the fact that the developers surveyed accounted for a substantial proportion of the development activity that transpired at the time allowed Goldberg to make some reasonably strong assertions about the behaviour of residential developers.

To provide a structure with which to review the findings of the present study and the earlier 1972 the findings have been organized under six principle facets of residential developer behaviour:

3.2.1 Industry characteristics
3.2.2 Location criteria
3.2.3 Land acquisition characteristics
3.2.4 Financing criteria
3.2.5 Public regulation characteristics
3.2.6 Expectations of future development trends

3.2.1 Industry Characteristics

Table 72-2 displays the sample composition by developer size and by type of unit.
### TABLE 72-2

Developers by Average Number of Completions (1970-1972)

<table>
<thead>
<tr>
<th>Avg. # Single Family Units Completed over Past 3 Years</th>
<th># Developers in size Class</th>
<th>Avg. # Multiple Dwelling Units Completed over Past 3 Years</th>
<th># Developers in size Class</th>
<th>Avg. # Lots Completed over Past 3 Years</th>
<th># Developers in size Class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 15</td>
<td>13</td>
<td>1 - 50</td>
<td>11</td>
<td>1 - 15</td>
<td>7</td>
</tr>
<tr>
<td>16 - 35</td>
<td>10</td>
<td>51 - 100</td>
<td>3</td>
<td>16 - 35</td>
<td>3</td>
</tr>
<tr>
<td>36 - 75</td>
<td>8</td>
<td>101 - 150</td>
<td>5</td>
<td>36 - 75</td>
<td>4</td>
</tr>
<tr>
<td>76 - 150</td>
<td>5</td>
<td>151 - 200</td>
<td>5</td>
<td>76 - 150</td>
<td>4</td>
</tr>
<tr>
<td>over 150</td>
<td>1</td>
<td>over 200</td>
<td>5</td>
<td>over 150</td>
<td>0</td>
</tr>
<tr>
<td>Statistics Unavailable</td>
<td>9</td>
<td>Statistics Unavailable</td>
<td>9</td>
<td>Statistics Unavailable</td>
<td>9</td>
</tr>
<tr>
<td>TOTAL</td>
<td>46</td>
<td>38</td>
<td>27</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

It is apparent from the above table that multiple units tend to be developed by firms with substantial output, while the single family housing sector is typified by relatively small developers. This phenomena, confirmed by Price and CMHC statistics, is likely the result of the higher degree of building technology necessary for involvement in the multiple field. In addition, many single family developers may find that limited capital resources circumvent their entry to the multiple field. This is not to say that there is no overlap between structural types, the opposite is closer to the truth. Of the 63 developers surveyed, 60.3% were involved in the multiple field, 73.0% were involved in the single family sector and 42.9% were, to a varying extent, involved in residential subdivision.

#### 3.2.2 Location Factors

The questionnaire administered to the 63 developers (see Appendix One)
contained a question (II-3) relating to the relative importance of a number of demand and supply variables. Developers were asked to indicate each factor's relative importance on a scale from unimportant to essential. Tables 72-3, 72-4, 72-5, and 72-6 summarize the results obtained from this query. In each case, irrespective of developer type, four factors were considered to be significantly more important; proper zoning, access to trunk sewer, price of land and availability of developable land. In each instance proper zoning was clearly the most important factor followed closely by access to trunk sewer lines. A review of the relative importance attached to the factors listed in the location decision question tends to indicate that the development industry is responding primarily to supply considerations rather than demand factors. Proper zoning was a necessary condition before development would be considered by a majority of developers included in the sample (87% of the respondents considered proper zoning as either very important or essential in their site selection decision). Access to trunk sewer was regarded as being very important or essential by 90% of the respondents surveyed. 83% of the respondents regarded the price of land as being very important or essential in the site selection decision and 72% responded in a similar fashion with respect to the availability of developable land.

The remaining four factors were of noticeably less importance and represent the only other factors out of a list of 13 which were considered as being above average importance.
TABLE 72-3
Evaluation of Location Factors by All Developers (63 Respondents)
(Percent of Respondents in Parentheses)

<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Important (3)</th>
<th>Essential (4)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper Zoning</td>
<td>3( 4.8)</td>
<td>0( 0.0)</td>
<td>5( 8.1)</td>
<td>16(25.8)</td>
<td>38(61.3)</td>
<td>3.39</td>
<td>1.00</td>
</tr>
<tr>
<td>Access to Trunk Sewer</td>
<td>3( 4.8)</td>
<td>2( 3.2)</td>
<td>1( 1.6)</td>
<td>26(41.9)</td>
<td>30(48.4)</td>
<td>3.26</td>
<td>1.01</td>
</tr>
<tr>
<td>Price of Land</td>
<td>3( 4.8)</td>
<td>2( 3.2)</td>
<td>5( 8.1)</td>
<td>21(33.9)</td>
<td>31(50.0)</td>
<td>3.21</td>
<td>1.06</td>
</tr>
<tr>
<td>Availability of Developable Land</td>
<td>2( 3.2)</td>
<td>4( 6.4)</td>
<td>11(17.7)</td>
<td>21(33.9)</td>
<td>24(38.7)</td>
<td>2.98</td>
<td>1.06</td>
</tr>
<tr>
<td>Nearness to Schools</td>
<td>5( 9.8)</td>
<td>7(11.5)</td>
<td>14(23.0)</td>
<td>29(47.5)</td>
<td>5( 8.2)</td>
<td>2.33</td>
<td>1.10</td>
</tr>
<tr>
<td>Nearness to Major Roads</td>
<td>8(12.9)</td>
<td>8(12.9)</td>
<td>16(25.8)</td>
<td>23(37.1)</td>
<td>7(11.3)</td>
<td>2.21</td>
<td>1.20</td>
</tr>
<tr>
<td>Nearness to Major Shopping Areas</td>
<td>7(11.5)</td>
<td>8(13.1)</td>
<td>18(29.5)</td>
<td>25(41.0)</td>
<td>3( 4.9)</td>
<td>2.15</td>
<td>1.09</td>
</tr>
<tr>
<td>Size of Site</td>
<td>10(16.4)</td>
<td>9(14.8)</td>
<td>16(26.2)</td>
<td>19(31.1)</td>
<td>7(11.5)</td>
<td>2.07</td>
<td>1.26</td>
</tr>
</tbody>
</table>

TABLE 72-4
Evaluation of Location Factors by Developers of Multiple Family Dwellings (38 Respondents)
(Percent of Respondents in Parentheses)

<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Important (3)</th>
<th>Essential (4)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper Zoning</td>
<td>1( 2.6)</td>
<td>0( 0.0)</td>
<td>3( 7.9)</td>
<td>11(29.0)</td>
<td>23(60.5)</td>
<td>3.45</td>
<td>.86</td>
</tr>
<tr>
<td>Access to Trunk Sewer</td>
<td>2( 5.3)</td>
<td>1( 2.6)</td>
<td>0( 0.0)</td>
<td>14(36.8)</td>
<td>21(55.3)</td>
<td>3.34</td>
<td>1.02</td>
</tr>
<tr>
<td>Price of Land</td>
<td>2( 5.3)</td>
<td>1( 2.6)</td>
<td>4(10.5)</td>
<td>13(34.2)</td>
<td>18(47.4)</td>
<td>3.16</td>
<td>1.08</td>
</tr>
<tr>
<td>Availability of Developable Land</td>
<td>1( 2.6)</td>
<td>3( 7.9)</td>
<td>8(21.0)</td>
<td>9(23.7)</td>
<td>17(44.7)</td>
<td>3.00</td>
<td>1.12</td>
</tr>
<tr>
<td>Nearness to Schools</td>
<td>6(16.2)</td>
<td>4(10.8)</td>
<td>9(24.3)</td>
<td>14(37.8)</td>
<td>4(10.8)</td>
<td>2.16</td>
<td>1.26</td>
</tr>
<tr>
<td>Nearness to Major Roads</td>
<td>4(10.5)</td>
<td>4(10.5)</td>
<td>9(23.7)</td>
<td>16(42.1)</td>
<td>5(13.2)</td>
<td>2.36</td>
<td>1.17</td>
</tr>
<tr>
<td>Nearness to Major Shopping Areas</td>
<td>5(13.5)</td>
<td>5(13.5)</td>
<td>12(32.4)</td>
<td>13(35.2)</td>
<td>2( 5.4)</td>
<td>2.05</td>
<td>1.13</td>
</tr>
<tr>
<td>Size of Site</td>
<td>3( 7.9)</td>
<td>5(13.2)</td>
<td>11(29.0)</td>
<td>14(36.8)</td>
<td>5(13.2)</td>
<td>2.34</td>
<td>1.12</td>
</tr>
</tbody>
</table>
TABLE 72-5
Evaluation of Location Factors by
Developers of Single Family Dwellings (45 Respondents)
(Percent of Respondents in Parentheses)

<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Important (3)</th>
<th>Essential (4)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper Zoning</td>
<td>2(4.4)</td>
<td>0(0.0)</td>
<td>3(6.7)</td>
<td>9(20.0)</td>
<td>31(68.9)</td>
<td>3.49</td>
<td>0.97</td>
</tr>
<tr>
<td>Access to Trunk Sewer</td>
<td>1(2.2)</td>
<td>1(2.2)</td>
<td>1(2.2)</td>
<td>23(51.1)</td>
<td>19(42.2)</td>
<td>3.29</td>
<td>0.81</td>
</tr>
<tr>
<td>Price of Land</td>
<td>1(2.2)</td>
<td>1(2.2)</td>
<td>3(6.7)</td>
<td>15(33.3)</td>
<td>25(55.6)</td>
<td>3.38</td>
<td>0.89</td>
</tr>
<tr>
<td>Availability of</td>
<td>1(2.2)</td>
<td>3(6.7)</td>
<td>9(20.0)</td>
<td>18(40.0)</td>
<td>14(31.1)</td>
<td>2.91</td>
<td>1.00</td>
</tr>
<tr>
<td>Developable Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nearness to Schools</td>
<td>3(6.7)</td>
<td>4(8.9)</td>
<td>9(20.0)</td>
<td>25(55.6)</td>
<td>4(8.9)</td>
<td>2.51</td>
<td>1.01</td>
</tr>
<tr>
<td>Nearness to Major Roads</td>
<td>7(15.6)</td>
<td>6(13.3)</td>
<td>12(26.7)</td>
<td>17(37.8)</td>
<td>3(6.7)</td>
<td>2.07</td>
<td>1.19</td>
</tr>
<tr>
<td>Nearness to Major</td>
<td>4(8.9)</td>
<td>4(8.9)</td>
<td>14(31.1)</td>
<td>21(46.7)</td>
<td>2(46.7)</td>
<td>2.29</td>
<td>1.01</td>
</tr>
<tr>
<td>Shopping Areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size of Site</td>
<td>9(20.5)</td>
<td>7(15.9)</td>
<td>10(22.7)</td>
<td>14(31.8)</td>
<td>4(9.1)</td>
<td>1.93</td>
<td>1.30</td>
</tr>
</tbody>
</table>

TABLE 72-6
Evaluation of Location Factors by Subdividers (27 Respondents)
(Percent of Respondents in Parentheses)

<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Important (3)</th>
<th>Essential (4)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper Zoning</td>
<td>1(3.7)</td>
<td>0(0.0)</td>
<td>2(7.4)</td>
<td>6(22.2)</td>
<td>18(66.7)</td>
<td>3.48</td>
<td>0.94</td>
</tr>
<tr>
<td>Access to Trunk Sewer</td>
<td>1(3.7)</td>
<td>0(0.0)</td>
<td>0(0.0)</td>
<td>13(48.1)</td>
<td>13(48.1)</td>
<td>3.37</td>
<td>0.84</td>
</tr>
<tr>
<td>Price of Land</td>
<td>2(7.4)</td>
<td>1(3.7)</td>
<td>2(7.4)</td>
<td>12(44.4)</td>
<td>10(37.0)</td>
<td>3.00</td>
<td>1.44</td>
</tr>
<tr>
<td>Availability of</td>
<td>1(3.7)</td>
<td>2(7.4)</td>
<td>5(18.5)</td>
<td>6(22.2)</td>
<td>13(48.2)</td>
<td>3.04</td>
<td>1.16</td>
</tr>
<tr>
<td>Developable Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nearness to Schools</td>
<td>1(3.7)</td>
<td>4(14.8)</td>
<td>8(29.6)</td>
<td>11(40.7)</td>
<td>3(11.1)</td>
<td>2.41</td>
<td>1.01</td>
</tr>
<tr>
<td>Nearness to Major Roads</td>
<td>3(11.1)</td>
<td>4(14.8)</td>
<td>8(29.6)</td>
<td>9(33.3)</td>
<td>3(11.1)</td>
<td>2.19</td>
<td>1.18</td>
</tr>
<tr>
<td>Nearness to Major</td>
<td>2(7.4)</td>
<td>5(18.5)</td>
<td>7(25.9)</td>
<td>11(40.7)</td>
<td>2(7.4)</td>
<td>2.22</td>
<td>1.09</td>
</tr>
<tr>
<td>Shopping Areas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Size of Site</td>
<td>7(25.9)</td>
<td>3(11.1)</td>
<td>8(29.6)</td>
<td>6(22.2)</td>
<td>3(11.1)</td>
<td>1.81</td>
<td>1.36</td>
</tr>
</tbody>
</table>
3.2.3 Land Acquisition Behaviour

Table 72-7 summarizes the responses of developers with respect to their land acquisition behaviour. 82% of the respondents acquire land for their projects two or less years in advance of need and 86% of the sample developers have inventories sufficient for two years or less.

**TABLE 72-7**

<table>
<thead>
<tr>
<th>Number of Years</th>
<th>Over 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of Respondents Acquiring Land in Advance of Need, by # Years in Advance</td>
<td>1.59 4.76</td>
</tr>
<tr>
<td>0</td>
<td>26.98</td>
</tr>
<tr>
<td>1</td>
<td>31.75</td>
</tr>
</tbody>
</table>

The figures displayed in the above table seem to confirm conclusions reached by Hamilton (1971) and Hamilton and Ratcliff (1972) who found that the development industry is not involved in land banking or hoarding to any great extent.

3.2.4 Financing of Residential Development

Table 72-8 represents the responses gathered with respect to sources of funds for all developers included in the sample. The importance given to retained earnings and equity financing appeared to be somewhat surprising in light of the high leverage requirements of the industry, however these
responses are reasonable in that the question did not deal with the amount of equity financing but rather only the frequency with which it was used.

### TABLE 72-8

<table>
<thead>
<tr>
<th>Source</th>
<th>No Response (1)</th>
<th>Sometimes (2)</th>
<th>Often (3)</th>
<th>Always (4)</th>
<th>Never (0)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-financial institutions</td>
<td>3.17</td>
<td>17.46</td>
<td>15.87</td>
<td>3.18</td>
<td>60.32</td>
<td>0.63</td>
<td>0.94</td>
</tr>
<tr>
<td>Insurance Cos.</td>
<td>3.14</td>
<td>30.16</td>
<td>28.59</td>
<td>7.94</td>
<td>30.16</td>
<td>1.18</td>
<td>1.00</td>
</tr>
<tr>
<td>Banks</td>
<td>1.59</td>
<td>20.63</td>
<td>31.75</td>
<td>29.68</td>
<td>6.35</td>
<td>2.10</td>
<td>0.91</td>
</tr>
<tr>
<td>Canadian Federal Gov't.</td>
<td>3.14</td>
<td>28.59</td>
<td>30.16</td>
<td>9.52</td>
<td>25.40</td>
<td>1.28</td>
<td>0.99</td>
</tr>
<tr>
<td>Equity</td>
<td>6.35</td>
<td>30.16</td>
<td>6.35</td>
<td>41.27</td>
<td>15.87</td>
<td>1.78</td>
<td>1.19</td>
</tr>
<tr>
<td>Mortgage</td>
<td>9.52</td>
<td>25.40</td>
<td>15.87</td>
<td>6.35</td>
<td>42.86</td>
<td>0.86</td>
<td>0.96</td>
</tr>
<tr>
<td>Partnership</td>
<td>3.17</td>
<td>31.75</td>
<td>12.70</td>
<td>4.76</td>
<td>47.62</td>
<td>0.75</td>
<td>0.88</td>
</tr>
<tr>
<td>Personal Note</td>
<td>4.76</td>
<td>26.98</td>
<td>14.29</td>
<td>3.17</td>
<td>50.79</td>
<td>0.69</td>
<td>0.86</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>3.17</td>
<td>20.63</td>
<td>19.05</td>
<td>28.59</td>
<td>28.57</td>
<td>1.57</td>
<td>1.20</td>
</tr>
<tr>
<td>Personal Savings</td>
<td>3.17</td>
<td>17.49</td>
<td>6.35</td>
<td>9.52</td>
<td>63.49</td>
<td>0.62</td>
<td>0.99</td>
</tr>
<tr>
<td>Syndicates</td>
<td>22.22</td>
<td>20.63</td>
<td>6.35</td>
<td>3.17</td>
<td>47.63</td>
<td>0.56</td>
<td>0.82</td>
</tr>
</tbody>
</table>

Table 72-9 gives an indication of the relative importance of various factors relating to financing arrangements. Clearly the most important factor was that of loan to value ratio, indicating the importance of leverage in the development of residential real estate. The cost of borrowing was rated next, followed by the three other factors which were ranked at equal importance.
### TABLE 72-9

<table>
<thead>
<tr>
<th>Item</th>
<th>No Response</th>
<th>Average Importance (1)</th>
<th>Fairly Important (2)</th>
<th>Very Important (3)</th>
<th>Unimportant (0)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest Rate</td>
<td>5.52</td>
<td>14.29</td>
<td>31.75</td>
<td>41.27</td>
<td>3.17</td>
<td>2.27</td>
<td>0.80</td>
</tr>
<tr>
<td>Term of Loan</td>
<td>11.11</td>
<td>17.46</td>
<td>26.98</td>
<td>38.10</td>
<td>6.35</td>
<td>2.13</td>
<td>0.92</td>
</tr>
<tr>
<td>Amortization Period</td>
<td>11.11</td>
<td>14.29</td>
<td>38.57</td>
<td>38.10</td>
<td>7.94</td>
<td>2.13</td>
<td>0.94</td>
</tr>
<tr>
<td>Loan/Value Ration</td>
<td>12.70</td>
<td>9.52</td>
<td>26.98</td>
<td>49.21</td>
<td>1.59</td>
<td>2.46</td>
<td>0.69</td>
</tr>
<tr>
<td>Participation in Cash Flow</td>
<td>23.81</td>
<td>7.94</td>
<td>7.94</td>
<td>44.44</td>
<td>15.87</td>
<td>2.11</td>
<td>1.22</td>
</tr>
</tbody>
</table>

### 3.2.5 Contacts With Public and Private Agencies

In the course of proceeding with a project and obtaining the necessary development approval, developers come into contact with a large number of government agencies. Table 72-10 lays out the frequency with which various governmental and other institutions were contacted in the course of the developers' activities.

The agencies most frequently contacted were that of: permits and licences, the planning department and the engineering departments of the various municipalities in which the respondents operated. Somewhat more surprising was the relatively small degree of contact the respondents had with citizen groups and parks boards, given that demands for open space and environmental quality were beginning to emerge at this time.

### 3.2.6 Expectations of Future Development Trends

Developers were asked as to which structural types they had been in-
TABLE 72-10
Frequency of Contact With Government and Local Agencies by % Respondents (63 Respondents)

<table>
<thead>
<tr>
<th>Institution</th>
<th>No Response</th>
<th>Sometimes (1)</th>
<th>Often (2)</th>
<th>Always (3)</th>
<th>Never (0)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Dept.</td>
<td>88.89</td>
<td>1.59</td>
<td>3.17</td>
<td>4.76</td>
<td>1.59</td>
<td>2.00</td>
<td>.91</td>
</tr>
<tr>
<td>Planning Dept.</td>
<td>0</td>
<td>7.94</td>
<td>14.29</td>
<td>71.43</td>
<td>6.35</td>
<td>2.52</td>
<td>0.91</td>
</tr>
<tr>
<td>Permits &amp; Licences</td>
<td>0</td>
<td>4.76</td>
<td>7.84</td>
<td>85.72</td>
<td>1.59</td>
<td>2.79</td>
<td>0.63</td>
</tr>
<tr>
<td>City Council</td>
<td>0</td>
<td>57.14</td>
<td>19.05</td>
<td>11.11</td>
<td>12.70</td>
<td>1.29</td>
<td>0.83</td>
</tr>
<tr>
<td>Assessor</td>
<td>0</td>
<td>33.33</td>
<td>7.94</td>
<td>14.29</td>
<td>44.44</td>
<td>0.94</td>
<td>1.09</td>
</tr>
<tr>
<td>School Board</td>
<td>0</td>
<td>39.68</td>
<td>4.76</td>
<td>1.59</td>
<td>53.97</td>
<td>0.54</td>
<td>0.67</td>
</tr>
<tr>
<td>Parks Board</td>
<td>0</td>
<td>38.10</td>
<td>7.94</td>
<td>0</td>
<td>53.97</td>
<td>0.54</td>
<td>0.64</td>
</tr>
<tr>
<td>Engineering Dept.</td>
<td>0</td>
<td>17.49</td>
<td>20.63</td>
<td>57.14</td>
<td>4.76</td>
<td>2.49</td>
<td>0.84</td>
</tr>
<tr>
<td>Citizens Groups</td>
<td>1.59</td>
<td>39.68</td>
<td>4.76</td>
<td>3.17</td>
<td>50.73</td>
<td>0.60</td>
<td>0.73</td>
</tr>
<tr>
<td>Regional Planning Dept.</td>
<td>15.87</td>
<td>31.75</td>
<td>11.11</td>
<td>7.94</td>
<td>33.33</td>
<td>0.93</td>
<td>0.96</td>
</tr>
</tbody>
</table>

Involved with in the past and which types they were likely to develop in the future. Table 72-11 summarizes the findings of these questions.

TABLE 72-11
Future Development Trends

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Developed in Past</th>
<th>To be Developed in Future</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single family dwellings</td>
<td>80%</td>
<td>68%</td>
</tr>
<tr>
<td>Garden apartments and/or condominiums</td>
<td>38%</td>
<td>66%</td>
</tr>
<tr>
<td>Row housing</td>
<td>28%</td>
<td>34%</td>
</tr>
<tr>
<td>Low rise multiple</td>
<td>45%</td>
<td>32%</td>
</tr>
<tr>
<td>High rise multiple</td>
<td>30%</td>
<td>29%</td>
</tr>
</tbody>
</table>
Development seemed to be swaying away from the traditional structural types; single family dwellings, low-rise and high-rise multiples in favour of row housing and garden apartments. The extremes in density (single detached versus high density multiples) seemed to be in the process of being phased out in favour of more uniform medium (15-45 units/acre) density development.

3.3. Summary of the Principal Findings of the 1972 Survey

1. Developers require adequate supplies of zoned and sewered land before development can be considered.

2. Developers are not engaging in land hoarding, generally holding land sufficient for the normal course of their development activities.

3. There exists a substantial number of public and private organizations through which the developer must proceed in order to carry out the operation of this form.

4. Debt financing is extremely important in financing residential property development.

5. Developers are tending toward new structural forms of residential housing that make more efficient use of urban land through higher average densities.

Given this rather brief description of the 1972 study we shall now turn our attention to the results of the present study and draw comparisons between the two as necessary.
Chapter Three


4. C.M.H.C. (1971) developer statistics are as follows.

<table>
<thead>
<tr>
<th>Single Units (1970)</th>
<th># Builders</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 25</td>
<td>179</td>
</tr>
<tr>
<td>26 - 50</td>
<td>6</td>
</tr>
<tr>
<td>51 - 100</td>
<td>3</td>
</tr>
<tr>
<td>Greater than 100</td>
<td>5</td>
</tr>
</tbody>
</table>

   This breakdown is relevant only to units financed by NHA loans to builder, however the results support conclusions reached in the present study.
CHAPTER IV RESIDENTIAL DEVELOPER BEHAVIOUR - REVISITED (1975)

4.1.1 Sample Selection and Administration

This report is based on information collected by means of a questionnaire administered to 140 residential developers operating in the Province of British Columbia in the three year period preceding January 1975. The identification of developers to be included in the sample was not an easy task as there is no central registry as is common in most industries. The identification of developers was by necessity achieved by ad hoc methods. Membership lists from the Real Estate Boards in the province, the Housing and Urban Development Association of Canada (HUDAC), and the Urban Development Institute (UDI) were obtained and each member in the areas serviced by the Greater Vancouver, Westminster County and Capital Region Boards was sent an introductory letter explaining the nature of the present study (see Appendix 2). Each of these firms (the total number of firms was in excess of 500) was subsequently contacted and their involvement in residential development was ascertained. The 'metropolitan' sample as it came to be known was eventually narrowed down to some 125 developers. By no means does this represent the total development community. Many developers, particularly those involved in small scale single family development, have little or no affiliation with organizations such as Real Estate Boards, the U.D.I. or H.U.D.A.C. There was no convenient manner in which this problem could be overcome, consequently the sample represents only a portion (although a substantial portion) of the development activity that transpired over the study period (see Table 2.10 - Size).

Due to the size and geographical diversity of the province it was not
possible for the Vancouver research team to identify the development community in all areas of the province. In an effort to overcome this shortcoming, local Real Estate Boards servicing areas other than the Greater Vancouver and Capital Regional Districts were contacted and their assistance in drafting a sample of developers active in their areas and administering the questionnaire was solicited.

In the metropolitan areas surrounding Vancouver and Victoria questionnaires were, in the great majority of cases, personally administered by members of the research staff at U.B.C. Of the 125 developers identified as operating in the Vancouver and Victoria areas the level of cooperation was very high, in excess of 80% of those identified agreed to be submitted to a barrage of questions relating to their activities. The respondents were very candid in their answers and any useful findings flowing from this report are the direct result of their cooperation.

4.1.2 Sample Characteristics

The composition of the final sample, comprised of developers active in metropolitan areas and non-metropolitan areas, is summarized in Table 1.

<table>
<thead>
<tr>
<th></th>
<th>Metropolitan Area Developers</th>
<th>Mixed Area Developers</th>
<th>Non-metro Area Devel.</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple Unit Developers</td>
<td>27</td>
<td>4</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Single Unit Developers</td>
<td>43</td>
<td>6</td>
<td>16</td>
<td>65</td>
</tr>
<tr>
<td>Residential Subdividers</td>
<td>32</td>
<td>11</td>
<td>20</td>
<td>63</td>
</tr>
<tr>
<td>TOTAL</td>
<td>102</td>
<td>21</td>
<td>45</td>
<td>168</td>
</tr>
</tbody>
</table>
The fact that the total number of developers in the above table (168) does not correspond with the number of respondents (140) simply reflects the fact that several developers are involved in more than one of the above development activities.

That the responses of the developers included in the study are representative of the industry as a whole is borne out by the significant portion of units constructed and lots subdivided by the sample. The 'membership' of the total development community in the province likely numbers in excess of 1200 individual firms, consequently the present study may directly represent some 10-12% of those involved. The developers surveyed, however, accounted for a substantial portion of the residential development that occurred over the three year study period. Tables 2.10 and 2.11 below summarize the percentage of market coverage of the present study relative to the total provincial activity.*

**TABLE 2.10(2)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Multiple Unit Starts</th>
<th>Single Unit Starts</th>
<th>Total Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sample</td>
<td>Prov. Total</td>
<td>%</td>
</tr>
<tr>
<td>1974</td>
<td>5238</td>
<td>12116</td>
<td>43.2</td>
</tr>
<tr>
<td>1973</td>
<td>3776</td>
<td>15413</td>
<td>24.5</td>
</tr>
<tr>
<td>1972</td>
<td>2912</td>
<td>15609</td>
<td>18.7</td>
</tr>
</tbody>
</table>

* Table numbers are keyed to the question numbers in the survey, thus Table 2.10 lists the responses to question 10 in Section 2 of the questionnaire. Appendix 2 contains the complete questionnaire.
TABLE 2.11

Dwelling Units Completed by Sample

<table>
<thead>
<tr>
<th></th>
<th>Multiple Unit Starts</th>
<th>Single Unit Starts</th>
<th>Total Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Prov. Sample %</td>
<td>Prov. Sample %</td>
<td>Prov. Sample %</td>
</tr>
<tr>
<td>1974</td>
<td>4452 13541 32.9</td>
<td>1455 20999 6.9</td>
<td>5907 34540 17.1</td>
</tr>
<tr>
<td>1973</td>
<td>3443 13719 25.1</td>
<td>1545 22885 6.8</td>
<td>4988 34604 14.4</td>
</tr>
<tr>
<td>1972</td>
<td>1752 11883 14.8</td>
<td>1406 19247 7.3</td>
<td>3158 31097 10.2</td>
</tr>
</tbody>
</table>

Lots subdivided by the sample were: 1974 - 6874; 1973 - 6294; 1972 - 3858.

Persons or firms involved in residential subdivision were interviewed with regard to their subdivision activities only if the product of their activity was sold to another developer for the subsequent stages of the development process. This eliminates double countings, i.e. labelling a lot as being subdivided in the total in Table 2.11 as well as counting the dwelling start (by the same developer) in Table 2.10. Lots subdivided by a developer and subsequently built upon by the same developer are not included in the totals in Table 2.11. As a result of this method of bookkeeping and the results of a separate survey of major subdividers operating in the province it became apparent that the great majority of lots subdivided were subsequently purchased and developed by small scale single family unit builders. It is estimated that this occurs in excess of 60% of the subdivided lots made available by developers in the sample. Table 2.10(2) incorporates this finding and displays a second estimate of the market coverage attained in the present study. The decision-making of the developers involved in residential subdivision is the result of a derived demand. They ascertain where the small scale builder desires to build and act accordingly. In this light the subdividers' decision-making is merely
a reflection of the desires of the consumer of his product, the small scale single family developer.

**TABLE 2.10(3)**

<table>
<thead>
<tr>
<th></th>
<th>Multiple Unit Starts</th>
<th>Single Unit Starts</th>
<th>Total Starts</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Sample Prov. Total</td>
<td>Sample Prov. Total</td>
<td>Sample Prov. Total</td>
</tr>
<tr>
<td>1974</td>
<td>5238 12116 43.2</td>
<td>5921 19304 30.7</td>
<td>11159 31420 35.5</td>
</tr>
<tr>
<td>1973</td>
<td>3776 15413 24.5</td>
<td>5519 22214 24.8</td>
<td>9295 37827 24.7</td>
</tr>
<tr>
<td>1972</td>
<td>2912 15609 18.7</td>
<td>2314 19708 11.7</td>
<td>5226 35317 21.1</td>
</tr>
</tbody>
</table>

With this proxy measure of the decision-making of the small scale builder/developer the market coverage obtained rises from a low of 14.8% in 1972 to a high of 35.5% in 1974. Irrespective of whether or not single starts are calculated strictly as in the case of Table 2.10(2) or inferred as in Table 2.10(3) the market coverage is nevertheless such that some reasonably strong assertions can be made with regard to developer behaviour.

The sample represents a great deal of experience in the industry. Developers included in the sample have been involved in real estate development for 12.9 years on the average. The variation about the mean is surprisingly low: multiple unit developers, 13.1 years; single family developers, 12.4 years; and subdividers, 13.2 years. Approximately one-eighth (14.3%) of the developers included in the sample were subsidiaries of larger firms.

Of these firms, 10% of the parent companies were involved in lumber and wood

**Single unit starts are calculated utilizing a) the actual number of starts as reported by respondents involved in single unit development and b) 60% of the lots subdivided and subsequently resold to another developer specializing in construction and post-subdivision development. 60% was chosen as it appears to be a relatively conservative estimate. 

i.e. # single starts = actual single starts+(actual # subdivisions)(.60)
products, 45.5% in real estate, 5.0% in transportation, 25.0% in finance and investment and 15.0% in other endeavours.

Table 2.10(4) displays the size distribution of the sample by the average number of units completed (or lots subdivided) over the 3 year study period. Note that single family dwelling units tend to be developed by firms with a smaller annual output than that of multiple unit developers. Although this phenomena is apparent from the table it should be noted that it is understated considerably due to the method by which the sample was chosen. Single family dwelling units tend to be developed by small scale builders, generally constructing less than 7 units per annum. These persons or firms are not likely to be members of organizations such as the various Real Estate Boards or the U.D.I. from which the sample was largely chosen. Nevertheless it seems clear that single units are developed primarily by small scale developers even given the samples bias toward their larger scale counterparts. This is compatible with the conclusions reached in earlier studies by Goldberg (1972) and Price (1970).

**TABLE 2.10(4)**

Developers by Average Number of Completions (1972-1974)

<table>
<thead>
<tr>
<th>Avg. # Single Units Completed Over Last Three Years</th>
<th>Devel­opers in Class Size</th>
<th>Avg. # Mult. Units Completed Over Last Three Years</th>
<th>Devel­opers in Class Size</th>
<th>Avg. # Lots Subdivided Over Last Three Years</th>
<th>Devel­opers in Class Size</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
<td>#</td>
</tr>
<tr>
<td>1 - 15</td>
<td>36</td>
<td>.55.4</td>
<td>16</td>
<td>15</td>
<td>40.0</td>
</tr>
<tr>
<td>16 - 35</td>
<td>14</td>
<td>21.5</td>
<td>3</td>
<td>7.5</td>
<td>16 - 35</td>
</tr>
<tr>
<td>36 - 75</td>
<td>12</td>
<td>18.5</td>
<td>9</td>
<td>22.5</td>
<td>36 - 75</td>
</tr>
<tr>
<td>76 - 150</td>
<td>3</td>
<td>4.6</td>
<td>5</td>
<td>12.5</td>
<td>76 - 150</td>
</tr>
<tr>
<td>over 150</td>
<td>0</td>
<td>0.0</td>
<td>7</td>
<td>17.5</td>
<td>over 150</td>
</tr>
<tr>
<td>TOTAL</td>
<td>65</td>
<td></td>
<td>40</td>
<td></td>
<td>63</td>
</tr>
</tbody>
</table>
Table 2.10(5) compares the frequency with which developers fit into the various size categories in the 1972 and present studies. There appears to be a significant shift downward in average annual output in both the single and multiple unit fields. This trend cannot be explained by any overall decreases in industry output as the opposite has occurred, the average number of completions increased from 29409 in the 1970-1972 period to 33413 in the 1972-1974 study period. The explanation for this phenomena appears to be twofold. Firstly, given that the percentage of single unit developers with an average output in excess of 75 completions per annum dropped from 16.2 to 4.6 and similarly the percentage of multiple unit developers with an average output in excess of 75 units per annum dropped from 60.7 to 30% while, at the same time, the average annual industry output increased by 12%. It would appear that the number of participants in the development of residential real estate increased. This is highly likely in view of the market conditions that prevailed up to the tightening of mortgage credit availability in the spring of 1974.2 A second and perhaps equally important explanation of the decrease in average annual output lies in the transformation that occurred over the study period with respect to structural type. As hypothesized by Goldberg in 1972, garden apartments and row housing have become increasingly more popular3 at the expense of the more traditional single detached house. Given the similar building technology common to single detached and row housing, it would not be at all surprising to find that a significant portion of developers who previously dealt primarily with the single detached submarket were shifting into the multiple submarket.
TABLE 2.10(5)
Comparative Distribution of Developers by Average Number Completions

<table>
<thead>
<tr>
<th>Avg. # Units or Lots Completed Over Last Three Years</th>
<th>% of Single Unit Developers in Class Size</th>
<th>% of Multiple Unit Developers in Class Size</th>
<th>% of Subdividers in Class Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 15</td>
<td>35.1</td>
<td>55.4</td>
<td>17.8</td>
</tr>
<tr>
<td>16 - 35</td>
<td>27.0</td>
<td>21.5</td>
<td>10.7</td>
</tr>
<tr>
<td>36 - 75</td>
<td>21.6</td>
<td>18.5</td>
<td>10.7</td>
</tr>
<tr>
<td>76 - 150</td>
<td>13.5</td>
<td>4.6</td>
<td>25.0</td>
</tr>
<tr>
<td>over 150</td>
<td>2.7</td>
<td>0.0</td>
<td>35.7</td>
</tr>
</tbody>
</table>

This hypothesis seems to be confirmed by the fact that the frequency of multiple developers with an average annual completion rate below 15 units has more than doubled (from 17.9% to 40.0%). It is interesting to note that this proportionate increase in the frequency of small scale multiple developers has occurred at the expense of all other size categories and therefore may not represent a decrease in the absolute number of large-scale developers in the multiple field but simply an increase in the number of small scale developers.

The size distribution of subdividers does not appear to have changed significantly over the period of time separating the two studies with the exception of a few medium sized subdividers who have shifted into the large scale (in excess of 75 lots per annum) category.

The extent to which developers included in the two studies engage in the various facets of the real estate development process is virtually unchanged with the exception of decreased involvement in construction.
LEAF 43 OMITTED IN PAGE NUMBERING.
TABLE 6.1

Involvement in the Development Process (all developers)

<table>
<thead>
<tr>
<th></th>
<th>1972 Survey</th>
<th></th>
<th>1975 Survey</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No Involvement</td>
<td>Some Involvement</td>
<td>No Involvement</td>
<td>Some Involvement</td>
</tr>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Site Selection</td>
<td>6</td>
<td>9</td>
<td>57</td>
<td>91</td>
</tr>
<tr>
<td>Land Assembly</td>
<td>**</td>
<td>**</td>
<td>**</td>
<td>**</td>
</tr>
<tr>
<td>Site Planning &amp; Subdivision Layout</td>
<td>6</td>
<td>9</td>
<td>57</td>
<td>91</td>
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<tr>
<td>Construction</td>
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<td>47</td>
<td>74.5</td>
</tr>
<tr>
<td>Selling &amp; Leasing</td>
<td>5</td>
<td>8</td>
<td>58</td>
<td>92</td>
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<td>Property Management</td>
<td>28</td>
<td>44.4</td>
<td>35</td>
<td>55.6</td>
</tr>
</tbody>
</table>

In both studies the most common activities undertaken by developers are site selection, selling and leasing, and site planning. In the present study 94% of the developers included in the sample did at least some of their own land assembly. Property management was found to be the least common element as in the 1972 study, in both studies more than 40% of the sample had no involvement.

The balance of this chapter turns from the composition and characteristics of the sample to consider specific aspects of residential developer behaviour. These areas of consideration have been grouped into four major categories: location criteria, land acquisition behaviour, financing, and contacts with public and private agencies.

4.2 The Results

With this descriptive information as prologue, we can now move on to explore specific aspects of developer behaviour in greater detail.

** This factor was not included in the 1972 study.
4.2.1 Factors Affecting the Location Decision

Developers were asked to give an indication of the relative importance of a number of factors generally considered important to the site selection or location decision (question 6.4). For each of 14 factors developers assigned a level of importance, ranging from unimportant (0) to essential (4). The results of this investigation have been tabulated by developer type in Tables 6.4.(1) (multiple unit developers), 6.4.(2) (single unit developers), 6.4.(3) (subdividers) and 6.4.(4) (a composite for all developers). From a review of these four tables it becomes clear that four factors are of overriding importance in the developers' location decision: Proper zoning, price of land, access to trunk sewer and availability of developable land. As in the 1972 survey, these four factors, without exception, were assigned the highest level of importance by each developer type. The level of importance ascribed to proper zoning confirms earlier indications that developers do not consider the potential return from rezoning worth the time, expense and risk involved in arranging a change in permitted use. The concern over price of land indicated by a mean importance of 3.2 (all developers) is likely an indication of developers' concern over increments in the residual land value that have occurred over the past five years in most Canadian cities. 'Shopping' for land appears to be one of the developers' prime areas of cost minimization and as such he ascribes a high level of importance to the price of land. Access to trunk sewer lines came next in overall importance and, as noted in earlier studies, this would seem indicative of the fact that the provincial government will not allow development in some areas of the province without connection to
<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Importance (3)</th>
<th>Essential (4)</th>
<th>No Response (9)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
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<tbody>
<tr>
<td>Proper Zoning</td>
<td>1(2.5)</td>
<td>1(2.5)</td>
<td>4(10.0)</td>
<td>15(37.5)</td>
<td>15(37.5)</td>
<td>4(10.0)</td>
<td>3.17</td>
<td>0.94</td>
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<td>1(2.5)</td>
<td>2(5.0)</td>
<td>4(10.0)</td>
<td>17(42.5)</td>
<td>12(30.0)</td>
<td>4(10.0)</td>
<td>3.03</td>
<td>0.97</td>
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<td>2(5.0)</td>
<td>2(5.0)</td>
<td>16(40.0)</td>
<td>14(35.0)</td>
<td>4(10.0)</td>
<td>3.06</td>
<td>1.09</td>
</tr>
<tr>
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<td>2(5.0)</td>
<td>3(7.5)</td>
<td>4(10.0)</td>
<td>19(47.5)</td>
<td>8(20.0)</td>
<td>4(10.0)</td>
<td>2.78</td>
<td>1.07</td>
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<tr>
<td>Nearness to Schools</td>
<td>1(2.5)</td>
<td>8(20.0)</td>
<td>17(42.5)</td>
<td>6(15.0)</td>
<td>3(7.5)</td>
<td>5(12.5)</td>
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<td>0.94</td>
</tr>
<tr>
<td>Size of Site</td>
<td>2(5.0)</td>
<td>4(10.0)</td>
<td>10(25.0)</td>
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<td>5(12.5)</td>
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<td>8(20.0)</td>
<td>13(32.5)</td>
<td>12(30.0)</td>
<td>2(5.0)</td>
<td>5(12.5)</td>
<td>2.23</td>
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</tr>
<tr>
<td>Character of Surrounding Area</td>
<td>3(7.5)</td>
<td>8(20.0)</td>
<td>6(15.0)</td>
<td>14(35.0)</td>
<td>4(10.0)</td>
<td>5(12.5)</td>
<td>2.23</td>
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### TABLE 6.4 (2)

Evaluation of Location Factors
By Developers of Single Family Dwellings
(Percent of Respondents in Parentheses)

<table>
<thead>
<tr>
<th>Location Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>Average Importance (2)</th>
<th>Very Importance (3)</th>
<th>Essential (4)</th>
<th>No Response (9)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proper Zoning</td>
<td>4 (6.2)</td>
<td>0 (0.0)</td>
<td>17 (26.2)</td>
<td>35 (53.8)</td>
<td>5 (7.7)</td>
<td>3.32</td>
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<tr>
<td>Price of Land</td>
<td>3 (4.6)</td>
<td>0 (0.0)</td>
<td>26 (40.0)</td>
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<td>5 (7.7)</td>
<td>3.23</td>
<td>0.96</td>
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<tr>
<td>Access to Trunk Sewer</td>
<td>7 (10.8)</td>
<td>2 (3.1)</td>
<td>24 (36.9)</td>
<td>24 (36.9)</td>
<td>5 (7.7)</td>
<td>2.93</td>
<td>1.29</td>
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<tr>
<td>Availability of Developable Land</td>
<td>3 (4.6)</td>
<td>5 (7.7)</td>
<td>36 (55.4)</td>
<td>11 (16.9)</td>
<td>5 (7.7)</td>
<td>2.78</td>
<td>1.01</td>
<td></td>
</tr>
<tr>
<td>Nearness to Schools</td>
<td>6 (9.2)</td>
<td>4 (6.2)</td>
<td>14 (21.5)</td>
<td>31 (47.7)</td>
<td>5 (7.7)</td>
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<tr>
<td>Nearness to Major Road</td>
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<td>21 (32.3)</td>
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<td>5 (7.7)</td>
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<td>Character of Surrounding Area</td>
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<td>8 (12.3)</td>
<td>22 (33.8)</td>
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<td>6 (9.2)</td>
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<td>Location Factors</td>
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<td>Average Importance (2)</td>
<td>Very Importance (3)</td>
<td>Essential (4)</td>
<td>No Response (9)</td>
<td>Mean</td>
<td>Standard Deviation</td>
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<tr>
<td>Proper Zoning</td>
<td>1(1.6)</td>
<td>2(3.2)</td>
<td>7(11.1)</td>
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<td>30(47.6)</td>
<td>5(7.9)</td>
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<td>0.93</td>
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<td>Price of Land</td>
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<td>2(3.2)</td>
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<td>Availability of Developable Land</td>
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<td>3(4.8)</td>
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<td>24(38.1)</td>
<td>5(7.9)</td>
<td>3.00</td>
<td>1.21</td>
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<tr>
<td>Nearness to Schools</td>
<td>8(12.7)</td>
<td>8(12.7)</td>
<td>21(33.3)</td>
<td>18(28.6)</td>
<td>2(3.2)</td>
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<td>1.09</td>
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<tr>
<td>Size of Site</td>
<td>10(15.9)</td>
<td>7(11.1)</td>
<td>15(23.8)</td>
<td>23(36.5)</td>
<td>3(4.8)</td>
<td>5(7.9)</td>
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<td>1.20</td>
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<tr>
<td>Nearness to Major Road</td>
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<td>8(12.7)</td>
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<td>5(7.9)</td>
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<td>9(14.3)</td>
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<td>1.95</td>
<td>1.19</td>
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<td>Very Important (3)</td>
<td>Essential (4)</td>
<td>No Response (9)</td>
<td>Mean</td>
<td>Standard Deviation</td>
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<td>----------------------------------</td>
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<td>-------------------</td>
</tr>
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<td>Proper Zoning</td>
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<td>2 (1.4)</td>
<td>11 (7.9)</td>
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<td>67 (47.9)</td>
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<td>51 (36.4)</td>
<td>11 (7.9)</td>
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</tr>
<tr>
<td>Availability of Developable Land</td>
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<td>9 (6.4)</td>
<td>66 (47.1)</td>
<td>38 (27.1)</td>
<td>11 (7.9)</td>
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</tr>
<tr>
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<td>5 (3.6)</td>
<td>8 (5.7)</td>
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<td>49 (35.0)</td>
<td>11 (7.9)</td>
<td>2.91</td>
<td>1.26</td>
</tr>
<tr>
<td>Size of Site</td>
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<td>13 (9.3)</td>
<td>36 (25.7)</td>
<td>51 (36.4)</td>
<td>9 (6.4)</td>
<td>12 (8.6)</td>
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<td>1.17</td>
</tr>
<tr>
<td>Nearness to Schools</td>
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<tr>
<td>Nearness to Major Road</td>
<td>14 (10.0)</td>
<td>21 (15.0)</td>
<td>43 (30.7)</td>
<td>41 (29.3)</td>
<td>9 (6.4)</td>
<td>12 (8.6)</td>
<td>2.08</td>
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<tr>
<td>Character of Surrounding Area</td>
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<td>20 (14.3)</td>
<td>30 (27.1)</td>
<td>45 (32.1)</td>
<td>8 (5.7)</td>
<td>13 (9.3)</td>
<td>2.07</td>
<td>1.13</td>
</tr>
</tbody>
</table>
trunk sewer lines. In addition the imposition of off-site servicing charges by many municipalities in the province puts the onus on the developer to pay for the installation of sewer lines. This tends to make developers very concerned with the existing level of services and he will tend to locate in areas where the existing service is both adequate and available. The remaining four factors contained in the tables were the only ones that were ascribed an above average level of importance in the composite for all developers.

Developers involved in multiple unit and single unit development were asked if they planned to change the location in which the majority of their activity took place (questions 2.16 and 3.15). 22.5% of the multiple unit developers and 29.2% of the single unit developers responded positively. The factors mentioned most often as being the cause of a change in location were the unavailability of developable land and improved marketability in a different area.

4.2.2 Land Acquisition Behaviour

One of the most frequent criticisms of developers relates to the supposed speculative gains earned in the process of developing or redeveloping land. Proponents of such views point to large increments in land value and conclude that it is the monopoly practice of speculative hoarding of developable land that is a major contributor in the price escalation of residential housing. For this line of reasoning to stand several conditions must be satisfied. Firstly, to have any effect on prices, land or housing, developers must hold large quantities of land. Secondly, the land that is
held must be desirably located. Thirdly, this substantial and well located 'bank' of land must be held for a relatively long period.

Let us consider what would happen if any of the above conditions was violated. The first case is very simple; if the development industry held small quantities of land, its ability to control prices would be severely hampered, if not eliminated. Even if the industry did hold significant quantities of land (which it does not) the second condition must also be met, a land bank 40 miles north of Nakusp will monopolize little anything worth selling, since the holdings must be strategically located or to put it another way, the holdings must be in the path of consumer demand. This requirement raises questions with regard to the ability of the industry (which is notoriously capital poor) to finance such costly undertakings. Dispelling the doubts raised by conditions one and two for the moment let us now consider the effect of a violation of the third condition.

If the above mentioned 'substantial and well-located' bank of land were not held for a considerable period of time (years rather than months), any attempts to drive up the price of either land or housing would be abortive. Clearly in the case of durable commodities such as housing, it is the extent of consumer demand interacting with a supply that is essentially fixed that sets the level of prices. The magnitude of the flow of new units does not affect the price level of the stock significantly in the short run. Admittedly in the long run prices would escalate in response to this hypothetical supply restriction, however the long run in housing is measured in years. This implies that speculative hoarders must hold their 'bank' of land off the market for a period of years before they can realize any increment in the value of their holdings due to their monopolistic activities. The opportunity cost of such action does not permit such
activities to transpire profitably. This conclusion is supported by data presented in Table 2.39 where it was shown that a) developers are not holding extensive quantities of land (80% of the respondents had holdings sufficient for two years of development activity or less), b) developers are not holding land for extensive periods of time (in excess of 80% of the respondents stated that they acquired land 2 years or less in advance of actual need for development).

Thus while few would suggest that the development industry is purchasing poorly located land (condition 2) it would seem that through their violations of the first and third conditions necessary for a successful monopolist, the charges of speculative activity affecting the price level of either land or housing may be dismissed. Readers interested in this topic are directed to Baxter (1975).

In an attempt to further investigate the extent of land purchases for 'investment' rather than 'development' purposes developers were asked what percentage of the land they acquired was sold to another developer or investor with no substantial improvements. Two-thirds (66.4%) of the developers surveyed responded that they never engaged in such activities. One-half (47.2%) of those respondents who did engage in such transactions stated that all of their land sales of this type were the result of circumstances unforeseen at the time of acquisition. Thus 82.25% of the respondents did not engage in land acquisition strictly for 'investment' purposes. Of the 17.75% that were motivated to trade parcels for investment purposes the majority (63.0%) reported that these transactions accounted for less than one-fourth of their total land sales.

Developers were asked if they have made changes in the size of their
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<th>0</th>
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<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% of respondents acquiring land in advance of need, by # of years in advance</td>
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<td>47.50</td>
<td>25.00</td>
<td>3.00</td>
<td>0.0</td>
<td>0.0</td>
<td>15.00</td>
</tr>
<tr>
<td>% of respondents holding land inventories, by # years of inventory</td>
<td>20.00</td>
<td>37.50</td>
<td>17.50</td>
<td>2.50</td>
<td>5.00</td>
<td>2.50</td>
<td>15.00</td>
</tr>
<tr>
<td><strong>2. Single Unit Developers</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>% of respondents acquiring land in advance of need, by # of years in advance</td>
<td>29.23</td>
<td>33.85</td>
<td>21.54</td>
<td>3.08</td>
<td>3.08</td>
<td>3.09</td>
<td>6.15</td>
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<tr>
<td>% of respondents holding land inventories, by # years of inventory</td>
<td>32.31</td>
<td>41.54</td>
<td>9.23</td>
<td>7.69</td>
<td>1.54</td>
<td>1.54</td>
<td>6.15</td>
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<td><strong>3. Subdividers</strong></td>
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<tr>
<td>% of respondents acquiring land in advance of need, by # of years in advance</td>
<td>19.05</td>
<td>25.40</td>
<td>34.92</td>
<td>11.11</td>
<td>3.17</td>
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<td>% of respondents holding land inventories, by # years of inventory</td>
<td>36.51</td>
<td>25.40</td>
<td>19.05</td>
<td>1.59</td>
<td>1.59</td>
<td>6.35</td>
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<td><strong>4. Total Sample</strong></td>
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<tr>
<td>% of respondents acquiring land in advance of need, by # of years in advance</td>
<td>20.24</td>
<td>33.93</td>
<td>27.38</td>
<td>6.55</td>
<td>2.38</td>
<td>2.38</td>
<td>7.14</td>
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<tr>
<td>% of respondents holding land inventories, by # years of inventory</td>
<td>30.95</td>
<td>34.52</td>
<td>14.88</td>
<td>4.17</td>
<td>2.38</td>
<td>3.57</td>
<td>9.52</td>
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</table>
inventory holdings in the recent past and if they foresaw any significant changes in the future. By and large the number of respondents decreasing (past or future) their holdings was offset of by number of respondents expected or having undergone increases. This is viewed as an indication of the normal operation of the market, developers' expectations weighing heavily in their decision-making.

The final point to be made in this section deals with the redevelopment of the existing stock. By and large, when residential development occurs it is on vacant or agricultural land. 23.6% (average of all respondents involved in single and multiple development) reported that in excess of one-half of their land purchases were previously occupied by single detached housing (37.5% of the multiple unit developers and 18.5% of the single unit developers) (48.6% of the respondents have not developed on other than a vacant site in the past three years). Of those who have carried out projects on sites that were previously occupied by single detached housing it was estimated that in 74.42% of the cases this housing was in poor condition (18.95% of the condition was stated as being average and in 6.63%, good). Those cases where development did occur on sites that were previously occupied by single detached housing are simply a reflection of aging of the stock and changes in the composition of consumer demand that has rendered certain portions of the stock economically obsolescent. Once again, developers are simply responding to demands generated in the marketplace: demands are such that in cases of redevelopment the residual value of the property in question exceeds that capitalized value of the site in its existing use. Readjustments of this type are only natural as times, tastes and values change.
4.2.3 Nature of Financing in Development Decisions

The availability of financing was regarded by the developers included in the sample as being the most important factor affecting their decision to proceed (question 6.3). While this phenomena was not restricted to any one geographical area, metropolitan area developers placed more emphasis on the importance than did their non-metropolitan area counterparts. Table 6.3(2) summarizes the relative importance of financing as it affects the decision to proceed for developers operating in metropolitan areas and for those operating in non-metropolitan areas.

**TABLE 6.3(2)**

| Evaluation of the Importance of the Availability of Financing in the Decision to Proceed by Developers in Metro and Non-metro Areas by the Percentage of Respondents |
|---|---|---|---|---|---|---|
| | Unimportant | Fairly Important | Average | Very Important | Essential | No Response |
| Metro Area Developers | (0) | (1) | (2) | (3) | (4) | Mean |
| Mean | 1.2 | 5.8 | 5.8 | 43.0 | 40.7 | 3.5 |
| Standard Deviation | 3.20 | 0.89 |
| Non-Metro Area Developers | 15.4 | 2.6 | 2.6 | 35.9 | 38.5 | 5.1 |
| Mean | 2.84 | 1.42 |
| Standard Deviation | 3.05 | 1.14 |
| All Developers* | 6.4 | 5.0 | 5.0 | 38.6 | 39.3 | 5.7 |
| Mean | 3.05 | 1.14 |

* Includes mixed area developers

Although important in non-metro areas, the availability of financing is not viewed as being as critical to the decision to proceed as the availability of developable land (mean importance 3.14). This lessened concern with credit availability likely results from C.M.H.C.'s infusion of mortgage credit preferentially in non-metro areas (ie., areas outside of metropolitan Victoria and Vancouver). This supposition is reinforced stratifying
the results of question 7.8 (sources of funds) as above. The frequency
with which developers utilize C.M.H.C. funds was significantly higher in
non-metropolitan areas (a mean frequency of 0.74 compared to 0.49 in metro­
politan areas). A second factor likely playing a part in the discrepancy
between developers operating in metro and non-metro areas lies in the.
heavier degree of institutionalization found in metropolitan areas.

In spite of the fact that relatively high rates of interest, both for
producers and consumers, accompanied the decline in credit availability,
developers still regarded loan to value ration as being the most impor­
tant financial variable when compared to rate of interest, amortization
period, term of the loan and degree of participation in cash flow. The
emphasis placed on the importance of loan/value ratios conclusions (as noted
by Goldberg) again points to the importance of leverage in the financing of
residential real estate in conjunction with an awareness of declined
available credit reserves.

Developers regarded the construction period as being the most critical
financing periods, followed by the purchase of land with several of the
respondents mentioning difficulties they had experienced in obtaining the
necessary financing to cover the construction period. Somewhat more sur­
prising, especially in light of increases in the extent of completed yet
unoccupied dwellings both provincially and as represented by developers
included in the sample, was the fact that only 8.9% of the respondents
felt that the most critical period was the financing of a completed inven­
tory of units.

The areas of cost minimization most often mentioned by the respondents
were that of land costs and land assembly. This may be regarded as being
indicative of the industry's response to a situation where it faced increasing costs (materials, labour, financing) while the price of the final good, housing, remained relatively constant. The collective response of the development industry appears to be to direct an increased effort in 'shopping' for land and consequently apply downward pressure on the land residual.

Another cost saving and risk lessening device is the use of options. The use of options for land purchases remained constant relative to the 1972 study; 67% of the respondents reported using options at least some of the time compared to 70% in 1972. The use of options does not appear to be greatly affected by geographical location; 66% of metropolitan developers, 67% of mixed area developers and 71% of the non-metropolitan area developers reported the use of options. As expected, multiple unit developers had the highest usage of options (80%) while single family developers had the lowest (60%), a reflection of the greater degree of uncertainty attached to multiple unit development in conjunction with higher land values. The option length was almost invariably greater than 2 months and less than a year. Table 7.3 plots the length of the option period by developer type. Multiple unit developers and subdividers tended to have somewhat longer option periods on the average, 145 days compared to 120 days for developers of single family dwellings. Again this is likely a reflection of the increased risk involved in these activities relative to the development of single family dwellings. Three-fourths of the developers reporting the usage of options for land purchases pay for the options in advance and the option payment was included as part of the final purchase price in almost every case (98.6%).
<table>
<thead>
<tr>
<th></th>
<th>Mult. Unit Developers</th>
<th>Sing. Unit Developers</th>
<th>Sub-dividers</th>
<th>Total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>No Response</td>
<td>2</td>
<td>6.25</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Less than 30 days</td>
<td>0</td>
<td>0.0</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>31 – 60 days</td>
<td>1</td>
<td>3.13</td>
<td>7</td>
<td>17.95</td>
</tr>
<tr>
<td>61 – 90 days</td>
<td>7</td>
<td>21.88</td>
<td>8</td>
<td>20.51</td>
</tr>
<tr>
<td>91 – 120 days</td>
<td>4</td>
<td>12.50</td>
<td>4</td>
<td>10.26</td>
</tr>
<tr>
<td>121 – 180 days</td>
<td>7</td>
<td>21.88</td>
<td>11</td>
<td>28.21</td>
</tr>
<tr>
<td>181 – 270 days</td>
<td>6</td>
<td>18.75</td>
<td>6</td>
<td>15.38</td>
</tr>
<tr>
<td>271 – 365 days</td>
<td>3</td>
<td>9.38</td>
<td>2</td>
<td>5.13</td>
</tr>
<tr>
<td>Greater than one year</td>
<td>2</td>
<td>6.25</td>
<td>1</td>
<td>2.56</td>
</tr>
</tbody>
</table>
Table 7.8 lists the respondents' frequency of utilization of various sources of funds. Banks, as in the 1972 study, are by far the most common source of funds, followed by retained earnings and equity funds. Developers' dependence on life insurance companies has declined over the period of time separating the two studies, a reflection of the decreased activity of this lender in the residential field. More surprising is the fact that the provincial government was reported as the least common source of funds.

4.2.4 Contacts With Public and Private Agencies

As discussed in the second chapter of this report, the role of the residential developer is that of an entrepreneur. He responds to the demands of the marketplace subject to the restrictions and regulations imposed on his activities by various levels of government and by the actions of citizens to proposed projects. Often times his decision-making may be swayed by the actions of the residents of the area in which he plans to develop and local groups of citizens who may have banded together in order to strengthen their opposition, or for that matter, to encourage a given type or size of development. Thus the developer is not free to act solely in response to market demands as evidenced by price, vacancy and other indicators but rather to respond to these indicators in a fashion that is acceptable to parties other than the eventual consumers of his product. The intent of this section of the report is to consider factors of this nature (both public and private) that have a bearing on developer decision-making.

In response to a question (6.13) as to whether the residents of the area
<table>
<thead>
<tr>
<th>Institutions</th>
<th>Never</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
<th>No Response</th>
<th>Mean</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trust Funds, Etc.</td>
<td>76(54.3)</td>
<td>27(19.3)</td>
<td>25(17.9)</td>
<td>9(6.4)</td>
<td>3(2.1)</td>
<td>0.76</td>
<td>0.97</td>
</tr>
<tr>
<td>Institutions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance Companies</td>
<td>84(60.0)</td>
<td>34(24.3)</td>
<td>15(10.7)</td>
<td>4(2.9)</td>
<td>3(2.1)</td>
<td>0.55</td>
<td>0.80</td>
</tr>
<tr>
<td>Banks</td>
<td>10(7.1)</td>
<td>20(14.3)</td>
<td>55(39.3)</td>
<td>51(36.4)</td>
<td>4(2.9)</td>
<td>2.09</td>
<td>0.91</td>
</tr>
<tr>
<td>CMHC - NHA</td>
<td>86(61.4)</td>
<td>29(20.7)</td>
<td>19(13.6)</td>
<td>2(1.4)</td>
<td>4(2.9)</td>
<td>0.56</td>
<td>0.84</td>
</tr>
<tr>
<td>Equity</td>
<td>67(47.9)</td>
<td>28(20.0)</td>
<td>14(10.0)</td>
<td>27(19.3)</td>
<td>4(2.9)</td>
<td>1.03</td>
<td>1.21</td>
</tr>
<tr>
<td>Mortgage Bankers</td>
<td>82(58.6)</td>
<td>23(16.4)</td>
<td>25(17.9)</td>
<td>7(5.0)</td>
<td>3(2.1)</td>
<td>0.69</td>
<td>0.95</td>
</tr>
<tr>
<td>Partnership Funds</td>
<td>96(68.6)</td>
<td>22(15.7)</td>
<td>15(10.7)</td>
<td>4(2.9)</td>
<td>3(2.1)</td>
<td>0.47</td>
<td>0.80</td>
</tr>
<tr>
<td>Personal Loans</td>
<td>88(62.9)</td>
<td>26(18.6)</td>
<td>17(12.1)</td>
<td>6(4.3)</td>
<td>3(2.1)</td>
<td>0.57</td>
<td>0.87</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>60(42.9)</td>
<td>27(19.3)</td>
<td>20(14.3)</td>
<td>29(20.7)</td>
<td>4(2.9)</td>
<td>1.15</td>
<td>1.22</td>
</tr>
<tr>
<td>Personal Savings</td>
<td>100(71.4)</td>
<td>14(10.0)</td>
<td>13(9.3)</td>
<td>9(6.4)</td>
<td>4(2.9)</td>
<td>0.52</td>
<td>0.96</td>
</tr>
<tr>
<td>Syndicated Investors</td>
<td>91(65.0)</td>
<td>23(16.4)</td>
<td>19(13.6)</td>
<td>4(2.9)</td>
<td>3(2.1)</td>
<td>0.53</td>
<td>0.84</td>
</tr>
<tr>
<td>Provincial Government</td>
<td>117(83.6)</td>
<td>10(7.1)</td>
<td>6(4.3)</td>
<td>3(2.1)</td>
<td>4(2.9)</td>
<td>0.23</td>
<td>0.63</td>
</tr>
<tr>
<td>Other</td>
<td>87(62.1)</td>
<td>0(0.0)</td>
<td>6(4.3)</td>
<td>5(3.6)</td>
<td>42(30.0)</td>
<td>0.28</td>
<td>0.80</td>
</tr>
</tbody>
</table>
in which the developer operates had a bearing on the type of development undertaken, 53% of the respondents answered positively. Residents of the immediate area seem to have a greater effect on multiple developers' decision-making (60%) than do residents of the immediate area surrounding single family projects (46%). This finding is compatible with intuition as multiple unit developments would, in general, be of a larger scale than single unit developments and therefore be more visible to residents of the area. Also, multiple units are generally developed on assembled land in populus areas with 'neighbours' a genuine source of concern. A second question of this nature confirmed this hypothesis. When asked if citizen acceptance of their projects is important in their decision to proceed over two-thirds of the multiple unit developers responded positively compared to 51% of the single unit developers (question 6.11). The great majority of citizen input comes indirectly via the approval process (87.5%) rather than through direct discussion with the developer. The growing importance of the attitudes of the members of the community is also suggested by the fact that when developers were asked to indicate the relative importance of a number of factors generally believed to be relevant in their decision to proceed, community attitude toward their projects ranked as being more important than traditional factors such as income and population trends in the region, rent and vacancy levels and the level of competition in the region (question 6.3). Insofar as the primary expression of the desires of the residents of development areas seems to be through their input to the approval process it follows that the focus of attention should now be shifted to consider the means by which government agencies are having an effect on developer decision-making and behaviour.

The importance developers attach to government attitude toward their
<table>
<thead>
<tr>
<th>Factors</th>
<th>Unimportant (0)</th>
<th>Fairly Important (1)</th>
<th>(Percent of Respondents in Parentheses)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of Financing</td>
<td>9(6.4)</td>
<td>7(5.0)</td>
<td>7(5.0) 54(38.6) 55(39.3) 8(5.7)</td>
<td>3.05</td>
<td>1.14</td>
</tr>
<tr>
<td>Rates of Interest</td>
<td>7(5.0)</td>
<td>22(15.7)</td>
<td>36(25.7) 54(38.6) 12(8.6) 9(6.4)</td>
<td>2.32</td>
<td>1.03</td>
</tr>
<tr>
<td>Population Trends</td>
<td>14(10.0)</td>
<td>30(21.4)</td>
<td>44(31.4) 35(25.0) 8(5.7) 9(6.4)</td>
<td>1.95</td>
<td>1.08</td>
</tr>
<tr>
<td>Regional Income Trends</td>
<td>19(13.6)</td>
<td>26(18.6)</td>
<td>46(32.9) 35(25.0) 6(4.3) 8(5.7)</td>
<td>1.87</td>
<td>1.10</td>
</tr>
<tr>
<td>Rent Levels</td>
<td>55(39.3)</td>
<td>17(12.1)</td>
<td>16(11.4) 22(15.7) 9(6.4) 21(15.0)</td>
<td>1.30</td>
<td>1.44</td>
</tr>
<tr>
<td>Vacancy Levels</td>
<td>43(30.7)</td>
<td>10(7.1)</td>
<td>33(23.6) 38(27.1) 7(5.0) 9(6.4)</td>
<td>1.66</td>
<td>1.34</td>
</tr>
<tr>
<td>Availability of Developable Land</td>
<td>6(4.3)</td>
<td>8(5.7)</td>
<td>19(13.6) 55(39.3) 44(31.4) 8(5.7)</td>
<td>2.93</td>
<td>1.06</td>
</tr>
<tr>
<td>Construction Level in Region</td>
<td>15(10.7)</td>
<td>21(15.0)</td>
<td>37(26.4) 50(35.7) 9(6.4) 8(5.7)</td>
<td>2.13</td>
<td>1.12</td>
</tr>
<tr>
<td>Construction Costs</td>
<td>8(5.7)</td>
<td>12(8.6)</td>
<td>26(18.6) 59(42.1) 27(19.3) 8(5.7)</td>
<td>2.64</td>
<td>1.09</td>
</tr>
<tr>
<td>Community Attitudes</td>
<td>20(14.3)</td>
<td>19(13.6)</td>
<td>19(13.6) 54(38.6) 20(14.3) 8(5.7)</td>
<td>2.27</td>
<td>1.31</td>
</tr>
<tr>
<td>Government Attitudes</td>
<td>18(12.9)</td>
<td>3(2.1)</td>
<td>16(11.4) 54(38.6) 41(29.3) 8(5.7)</td>
<td>2.73</td>
<td>1.30</td>
</tr>
<tr>
<td>Other</td>
<td>58(41.4)</td>
<td>0(0.0)</td>
<td>3(2.1) 6(4.3) 10(7.1) 63(45.0) 0.83</td>
<td>0.83</td>
<td>1.51</td>
</tr>
</tbody>
</table>
projects is indicated in Table 6.3(1) above. Over two-thirds of the respondents regard government attitude toward their projects as being either very important or essential in their decision to proceed. Government attitude placed third in importance in the list of factors contained in question 6.3, superceded only by the availability of financing and availability of developable land.

In gaining the necessary approvals for their projects, developers come into contact with a wide variety of government agencies. Table 6.20 outlines the frequency of some of these contacts. At the federal level the most contacted agency was C.M.H.C. however contact at the federal level, including C.M.H.C., was minimal. At the provincial level, the Department of Highways and the Land Commission were the most 'popular' agencies, however contact was still infrequent. The Department of Housing followed the Land Commission in contact frequency, primarily as a result of their 'tender-call programme'.

The great majority of contact came at the local level. The most frequently contacted departments were planning, engineering, and permits and licenses followed by city council and the assessment department. Contact with parks and schools was less frequent and ratepayers associations came at the bottom of the list.

Given the current controversy over the role of government in the residential development process, developers were asked if they had experienced any unusual difficulties in the course of their contacts and dealings with the various levels of government. Over sixty per cent of the respondents (60.7%) felt this to be the case. Of those responding positively (45% of the multiple unit developers, 44.6% of the single unit developers and 87.3%
<table>
<thead>
<tr>
<th>Institutions</th>
<th>Never (0)</th>
<th>Sometimes (1)</th>
<th>Often (2)</th>
<th>Always (3)</th>
<th>No Response (9)</th>
<th>Mean</th>
<th>Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>C.M.H.C.</td>
<td>71(50.7)</td>
<td>42(30.0)</td>
<td>18(12.9)</td>
<td>5( 3.6)</td>
<td>4(2.9)</td>
<td>0.76</td>
<td>0.96</td>
</tr>
<tr>
<td>Dept. of Fisheries</td>
<td>104(74.3)</td>
<td>27(19.3)</td>
<td>6( 4.3)</td>
<td>1( 0.7)</td>
<td>2( 1.4)</td>
<td>0.30</td>
<td>0.59</td>
</tr>
<tr>
<td>Ministry of Transport</td>
<td>117(83.6)</td>
<td>20(14.3)</td>
<td>1( 0.7)</td>
<td>0( 0.0)</td>
<td>2( 1.4)</td>
<td>0.16</td>
<td>0.39</td>
</tr>
<tr>
<td>Dept. of Public Works</td>
<td>113(80.7)</td>
<td>20(14.3)</td>
<td>3( 2.1)</td>
<td>2( 1.4)</td>
<td>2( 1.4)</td>
<td>0.23</td>
<td>0.56</td>
</tr>
<tr>
<td>National Harbours Board</td>
<td>125(89.3)</td>
<td>12( 8.6)</td>
<td>1( 0.7)</td>
<td>0( 0.0)</td>
<td>2( 1.4)</td>
<td>0.10</td>
<td>0.33</td>
</tr>
<tr>
<td>Dept. of the Environment</td>
<td>108(77.1)</td>
<td>22(15.7)</td>
<td>6( 4.3)</td>
<td>2( 1.4)</td>
<td>2( 1.4)</td>
<td>0.29</td>
<td>0.62</td>
</tr>
<tr>
<td>Other - Federal Government</td>
<td>99(70.7)</td>
<td>6( 4.3)</td>
<td>0( 0.0)</td>
<td>0( 0.0)</td>
<td>35(25.0)</td>
<td>0.06</td>
<td>0.23</td>
</tr>
<tr>
<td>Provincial Dept. of Housing</td>
<td>86(61.4)</td>
<td>38(27.1)</td>
<td>10( 7.1)</td>
<td>5( 3.6)</td>
<td>1( 0.7)</td>
<td>0.53</td>
<td>0.78</td>
</tr>
<tr>
<td>Dept. of Highways</td>
<td>50(35.7)</td>
<td>35(25.0)</td>
<td>29(27.9)</td>
<td>15(10.7)</td>
<td>1( 0.7)</td>
<td>1.14</td>
<td>1.03</td>
</tr>
<tr>
<td>Land Commission</td>
<td>66(47.1)</td>
<td>44(31.4)</td>
<td>21(15.0)</td>
<td>8( 5.7)</td>
<td>1( 0.7)</td>
<td>0.79</td>
<td>0.90</td>
</tr>
<tr>
<td>Rentalsman</td>
<td>100(71.4)</td>
<td>25(17.1)</td>
<td>12( 8.6)</td>
<td>3( 2.1)</td>
<td>1( 0.7)</td>
<td>0.41</td>
<td>0.74</td>
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<tr>
<td>Land Use Secretariat</td>
<td>109(77.9)</td>
<td>19(13.6)</td>
<td>9( 6.4)</td>
<td>2( 1.4)</td>
<td>1( 0.7)</td>
<td>0.31</td>
<td>0.66</td>
</tr>
<tr>
<td>Municipal Affairs</td>
<td>93(66.4)</td>
<td>29(20.7)</td>
<td>12( 8.6)</td>
<td>5( 3.6)</td>
<td>1( 0.7)</td>
<td>0.49</td>
<td>0.80</td>
</tr>
<tr>
<td>Other - Prov. Government</td>
<td>80(57.1)</td>
<td>9( 6.4)</td>
<td>7( 5.0)</td>
<td>7( 5.0)</td>
<td>37(26.4)</td>
<td>0.43</td>
<td>0.89</td>
</tr>
<tr>
<td>Regional District</td>
<td>61(43.6)</td>
<td>20(14.3)</td>
<td>27(19.3)</td>
<td>17(12.1)</td>
<td>15(10.7)</td>
<td>1.00</td>
<td>1.12</td>
</tr>
<tr>
<td>City Council</td>
<td>37(26.4)</td>
<td>15(10.7)</td>
<td>36(25.7)</td>
<td>43(30.7)</td>
<td>9( 6.4)</td>
<td>1.72</td>
<td>1.26</td>
</tr>
<tr>
<td>Planning Dept.</td>
<td>4( 2.9)</td>
<td>5( 3.6)</td>
<td>22(15.7)</td>
<td>97(69.3)</td>
<td>12( 8.6)</td>
<td>2.76</td>
<td>0.77</td>
</tr>
<tr>
<td>Engineering Dept.</td>
<td>7( 5.0)</td>
<td>5( 3.6)</td>
<td>22(15.7)</td>
<td>93(66.4)</td>
<td>13( 9.3)</td>
<td>2.71</td>
<td>0.87</td>
</tr>
<tr>
<td>School Board</td>
<td>60(42.9)</td>
<td>49(35.0)</td>
<td>15(10.7)</td>
<td>14(10.0)</td>
<td>2( 1.4)</td>
<td>0.90</td>
<td>1.00</td>
</tr>
<tr>
<td>Parks Board</td>
<td>61(43.6)</td>
<td>51(36.4)</td>
<td>16(11.4)</td>
<td>11( 7.9)</td>
<td>1( 0.7)</td>
<td>0.83</td>
<td>0.92</td>
</tr>
<tr>
<td>Public Utilities</td>
<td>36(25.7)</td>
<td>24(17.1)</td>
<td>29(20.7)</td>
<td>45(32.1)</td>
<td>6( 4.3)</td>
<td>1.71</td>
<td>1.27</td>
</tr>
<tr>
<td>Permit &amp; Licence Dept.</td>
<td>16(11.4)</td>
<td>11( 7.9)</td>
<td>38(27.1)</td>
<td>68(48.6)</td>
<td>7( 5.0)</td>
<td>2.27</td>
<td>1.07</td>
</tr>
<tr>
<td>Assessment Dept.</td>
<td>39(27.9)</td>
<td>33(23.6)</td>
<td>29(20.7)</td>
<td>36(25.7)</td>
<td>3( 2.1)</td>
<td>1.49</td>
<td>1.19</td>
</tr>
<tr>
<td>Ratepayers Association</td>
<td>75(53.6)</td>
<td>40(28.6)</td>
<td>14(10.7)</td>
<td>8( 5.7)</td>
<td>2( 1.4)</td>
<td>0.71</td>
<td>0.93</td>
</tr>
<tr>
<td>Other - Local Government</td>
<td>77(55.0)</td>
<td>2( 1.4)</td>
<td>3( 2.9)</td>
<td>3( 2.1)</td>
<td>54(38.6)</td>
<td>0.31</td>
<td>0.89</td>
</tr>
</tbody>
</table>
of the subdividers included in the sample), six in every ten identified the nature of their difficulty as inordinately long delays in the approval process and/or excessive bureaucracy leading to long delays. Table 2.20 summarizes the developers' responses to these questions. Of particular interest is the fact that not one of the respondents made reference to the provincial government's imposition of rent controls in response to this question. The reaction of the development industry is clear however and may be seen from Table 2.13.

**TABLE 2.13**

<table>
<thead>
<tr>
<th>Tenure of Completions Expressed as a Percentage of Total Completions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>Multiple Units</strong></td>
</tr>
<tr>
<td>Rental</td>
</tr>
<tr>
<td>Strata</td>
</tr>
<tr>
<td>Co-op</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td><strong>Single Units</strong></td>
</tr>
<tr>
<td>Owned</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

Note particularly that the percentage of multiple dwelling units that were under rental tenure dropped from a high of 55.8% in 1972 to 42.7% in 1973 and finally to 24.2% in 1974. From the developers' comments it appears that the first drop occurring during 1972 and 1973 is a reflection of the industry's uncertainty with regard to the actions of the newly elected N.D.P. government (August 1972) in conjunction with the earlier stiffening of landlord tenant regulation by the previous Social Credit administration. Changes made to the Federal Income Tax act in 1970 that
removed tax shelters seemed to have less of an effect. The portion of multiple completions that were ultimately rental units displayed an even greater decline in 1974 relative to 1973. This, according to the majority of developers who commented on the subject, is a reaction to the imposition of rent controls in the province. The fact that the provincial government has exempted rentals units coming onto the market for the first five years of rental occupancy seems to have little bearing on the development industry's decision-making. Thus while controls of this nature may have little effect on the overall industry output there is a significant impact on the tenure composition of the units produced. This is even more apparent when one considers the fact that many of the multiple units in the 'rental' category in 1974 are the result of a poor sales market in the condominium field and for that reason not likely to remain as rental units for any significant period of time. As demand pressures build the majority of these units will likely be disposed of to owner-occupiers.

Looking now at sources of difficulty with different levels of government (Table 2.20) it is apparent that the source of complaint lies at the local level (82.7%). Toward the end of each interview developers were asked to comment on the local approval process as it operated in the areas in which they worked. The question was neither positive nor negative, however the responses gathered were far from neutral. Table 6.17 tabulates the responses by developer type. Once again, the overriding concern on the part of developers was the long delays encountered in the approval process. Over 60% of the developers who responded to the question cited either long delays or a factor contributing to such delays (indecisive planning objectives, anti-growth policies, excessive bureaucracy, etc.). 7.2% of the developers included in the study made a
### TABLE 2.20
Nature of Unusual Difficulties With Government

<table>
<thead>
<tr>
<th>Source of Difficulty</th>
<th>Mult. Unit Developers</th>
<th>Sing. Unit Developers</th>
<th>Sub-dividers</th>
<th>Total Sample</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal Government</td>
<td>1</td>
<td>5.26</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Provincial Government</td>
<td>1</td>
<td>5.26</td>
<td>3</td>
<td>10.00</td>
</tr>
<tr>
<td>Regional Government</td>
<td>1</td>
<td>5.26</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>Local Government</td>
<td>16</td>
<td>84.21</td>
<td>26</td>
<td>86.67</td>
</tr>
<tr>
<td>Comment</td>
<td>Mult. Unit Developers</td>
<td>Sing. Unit Developers</td>
<td>Sub-dividers</td>
<td>Total Sample</td>
</tr>
<tr>
<td>----------------------------------------------</td>
<td>-----------------------</td>
<td>-----------------------</td>
<td>--------------</td>
<td>--------------</td>
</tr>
<tr>
<td>No Response</td>
<td>4 (10.00%)</td>
<td>9 (13.85%)</td>
<td>4 (6.35%)</td>
<td>17 (10.12%)</td>
</tr>
<tr>
<td>Long Delay in Approval Process or in Issuing Permits</td>
<td>6 (15.00%)</td>
<td>19 (29.23%)</td>
<td>20 (31.75%)</td>
<td>45 (26.79%)</td>
</tr>
<tr>
<td>Excessive Bureaucracy: Redtape</td>
<td>8 (20.00%)</td>
<td>10 (15.38%)</td>
<td>17 (26.98%)</td>
<td>35 (20.83%)</td>
</tr>
<tr>
<td>Lack of Uniform Standards</td>
<td>4 (10.00%)</td>
<td>0 (0.0%)</td>
<td>2 (3.17%)</td>
<td>6 (3.57%)</td>
</tr>
<tr>
<td>Excessive Requirements</td>
<td>1 (2.50%)</td>
<td>3 (4.62%)</td>
<td>0 (0.0%)</td>
<td>4 (2.38%)</td>
</tr>
<tr>
<td>Indecisive Planning Objectives Regulations Change Frequently</td>
<td>4 (10.00%)</td>
<td>2 (3.08%)</td>
<td>4 (6.35%)</td>
<td>10 (5.95%)</td>
</tr>
<tr>
<td>Process Hindered by Vocal Self-interest Groups</td>
<td>4 (10.00%)</td>
<td>6 (9.23%)</td>
<td>4 (6.35%)</td>
<td>14 (8.33%)</td>
</tr>
<tr>
<td>Anti-growth Policies Inhibiting Residential Growth</td>
<td>4 (10.00%)</td>
<td>6 (9.23%)</td>
<td>2 (3.17%)</td>
<td>12 (7.14%)</td>
</tr>
<tr>
<td>Generally Good or Improving</td>
<td>2 (5.00%)</td>
<td>6 (9.23%)</td>
<td>8 (12.70%)</td>
<td>16 (9.52%)</td>
</tr>
<tr>
<td>Other</td>
<td>3 (7.50%)</td>
<td>4 (6.15%)</td>
<td>2 (3.17%)</td>
<td>9 (5.36%)</td>
</tr>
</tbody>
</table>
positive comment with regard to the local approval procedure, usually that it was reasonable or improving somewhat.

There is an increasing trend toward the use of Land Use Contracts in many municipalities within the province. This is an alternative to more conventional zoning control of land use and consequently represents another form of contact with the local level of government through which the developer must find his way. At the time of the present study approximately one-third (35.1%) of the respondents had had some experience with Land Use Contracts. Developers appeared to be in general agreement that operating via land use contracts:

a) is more time consuming than conventional rezoning,

b) entails higher direct costs than conventional rezoning, (see Table 4.6)

c) requires considerable investment prior to approval.

To a lesser extent they felt that land use contracts give rise to a greater degree of uncertainty than conventional land use controls. These findings are in direct opposition to one of the most commonly stated objectives of land use contracts, namely the increase in the degree of ascertainability or advance knowledge with which the developer faces his environment. Respondents tended to disagree with the statement that land use contracts allowed a greater degree of flexibility, again contradicting one of the supposed advantages of land use contracts.

Table 4.9 displays the results of question 4.9 which asked those developers having experience with land use contracts if there had been any significant changes in the terms or conditions contained in the contracts.

Of the 33 developers responding to the question, almost one-third made reference to substantial increases in the impost or off-site servicing
<table>
<thead>
<tr>
<th></th>
<th>Strongly Agree (1)</th>
<th>Agree (2)</th>
<th>Indifferent (3)</th>
<th>Disagree (4)</th>
<th>Strongly Disagree (5)</th>
<th>No Response (0)</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>More Time Consumed</td>
<td>35 (68.6)</td>
<td>10 (19.6)</td>
<td>2 (3.9)</td>
<td>4 (7.8)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>1.51</td>
<td>0.90</td>
</tr>
<tr>
<td>Higher Direct Costs</td>
<td>24 (47.1)</td>
<td>15 (29.4)</td>
<td>7 (13.7)</td>
<td>5 (9.8)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>1.86</td>
<td>1.00</td>
</tr>
<tr>
<td>Greater Uncertainty</td>
<td>22 (43.1)</td>
<td>14 (27.5)</td>
<td>4 (7.8)</td>
<td>10 (19.6)</td>
<td>1 (2.0)</td>
<td>0 (0.0)</td>
<td>2.10</td>
<td>1.22</td>
</tr>
<tr>
<td>Considerable Investment</td>
<td>25 (49.0)</td>
<td>13 (25.5)</td>
<td>9 (17.6)</td>
<td>4 (7.8)</td>
<td>0 (0.0)</td>
<td>0 (0.0)</td>
<td>1.84</td>
<td>0.99</td>
</tr>
<tr>
<td>Allows More Flexibility</td>
<td>7 (13.7)</td>
<td>16 (31.4)</td>
<td>10 (19.6)</td>
<td>11 (21.6)</td>
<td>7 (13.7)</td>
<td>0 (0.0)</td>
<td>2.90</td>
<td>1.28</td>
</tr>
</tbody>
</table>
charge made. Currently this type of charge ranges upward as high as $2205 per unit in one municipality. The second most commonly noted change in terms and/or conditions was an upgrading of the services and amenities required in residential developments (24.2%).

The imposition of impost fees, increased servicing requirements, donations of land to parks and school boards, the uncertainty involved in applications for rezoning and the lengthy delays encountered in the approval process all have a common effect on the suppliers of new residential housing. Increases in the cost of development, whether they stem from direct charges in the case of impost or off-site servicing charges, or indirectly as in the case of land dedications or increased financing charges due to long delays will serve to decrease the rate at which new units flow on to the market.

4.2.5 Summary of Principal Findings

The primary objective of this study was to investigate factors affecting the decision-making process of the suppliers of new residential housing units. The environment in which developers make their daily decisions may be regarded as the product of two kinds of input. On the one hand, developers are at the mercy of the marketplace as the prevailing level of housing prices (both for owner-occupied and rental units) goes a long way in the determination of the profitability of development. Thus a decrease in demand, all other things being equal, will decrease the profitability of development in the short run. The economic slowdown that has hit most of the western world in the past one and one-half years and the decline in
TABLE 4.9

Significant Changes in Terms and Conditions of Land Use Contracts

<table>
<thead>
<tr>
<th></th>
<th>Mult. Unit Developers</th>
<th>Sing. Unit Developers</th>
<th>Sub-dividers</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>#</td>
<td>%</td>
<td>#</td>
<td>%</td>
</tr>
<tr>
<td>Increased Impost Fees</td>
<td>3</td>
<td>37.5</td>
<td>3</td>
<td>27.3</td>
</tr>
<tr>
<td>Upgrading Serv. Amen. Required</td>
<td>1</td>
<td>12.5</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>More Restrict. Less Flexible</td>
<td>0</td>
<td>0.0</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>Longer Delays</td>
<td>0</td>
<td>0.0</td>
<td>2</td>
<td>18.2</td>
</tr>
<tr>
<td>Constant Changes</td>
<td>1</td>
<td>12.5</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Increased Input</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vocal Citizen Groups</td>
<td>1</td>
<td>12.5</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Improving Inc. Flexibility</td>
<td>1</td>
<td>12.5</td>
<td>1</td>
<td>9.1</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>12.5</td>
<td>1</td>
<td>9.1</td>
</tr>
</tbody>
</table>

mortgage credit availability that accompanied it, has had its effect on developer calculus through its impact on the level of demand for housing services. Given that the factors of production (land, labour, materials, etc.) are 'sticky downwards', the effect of a decrease in the level of market demand is a decrease in the profitability of development and hence a decrease in the rate of development.  

At the same time, serious constraints on the ability of the development industry have mounted on the supply side. In contradiction of the findings of Kaiser and Weiss in the Greensborough, North Carolina area, developers in British Columbia appear to regard supply variables as being more critical to their decision-making than demand determinants. A comparison of the nature of real property markets in British Columbia and that of
Greensborough explains this difference in attitude. Greensborough is characterized by relatively stable labour and material costs. This environment, in contrast to that found in British Columbia, shifts the uncertainty from a concern with input costs (as in B.C.) to an emphasis on factors affecting the price of the final product. In recent years in this province the development industry has been reasonably confident that increases in cost could be 'passed on' the eventual purchaser because the price level was rising steadily due to a seemingly unending increase in the level of consumer demand. Now that this situation has reversed and demand forces have leveled off, developers find that impediments that perviously were little more than an annoyance are now seriously hampering the industry's ability to respond to market generated demands. In this light we shall now review the major findings outlined in detail earlier in this chapter.

1) As noted by Lithwick (1970) and confirmed by Goldberg (1972) and further documented by the present study there is an increasing shortage of developable urban space. This phenomena is not restricted to the larger urban agglomerations but extends even to smaller non-metropolitan areas. For those who take issue with this statement one only has to point to the comparison drawn between the relative importance given factors affecting the decision to proceed. In both metro and non-metro areas the availability of developable land was viewed as a critical factor, superceded only by the availability of financing (by developers in metropolitan areas).

Developers require adequately serviced and appropriately zoned land. The availability of such land goes a long way to temper their location decision.

2) Developers are primarily involved in the development of residential property and rely on this activity to generate profit, in opposition to
claims to the contrary that developers are primarily interested in the acquisition of land for 'speculative' purposes. The high cost of land in conjunction with limited capital reserves and high financing costs make land banking an uncertain and high risk undertaking.

3) Developers are most concerned with factors affecting their development costs and place less emphasis on variables that affect the ultimate value of their product. Of primary importance in this regard are the resistance to growth at the local government level as evidenced by

- stringent servicing requirements
- substantial off-site servicing charges in some municipalities
- long delays in the approval process
- extensive downzoning in several municipalities
- increased demands for the dedication of land for schools and parks.

All of the above tend to increase the costs of development and will lead to short run decreases in the level of activity in the residential development sector. Discussion of the long run implications of such trends is deferred until Section 5.2 of this report.

4) There has been a marked change in the tenure composition of the units completed by the sample over the study period. This trend, directed toward the provision of a greater proportion of owned occupied units at the expense of rental units, became apparent in 1973 and accelerated in 1974.
Chapter Four

1. During the administration of the survey it soon became apparent that the method by which the sample was compiled was biased in favour of large developers. Due to financial and time restrictions, it was not possible to identify and secondly to interview large numbers of small developers. In an effort to overcome this shortcoming, a second survey was administered to a small sample of subdividers to ascertain the average annual number of dwelling units built by developers purchasing lots from them. It was found that in excess of 60% of the lots made available by these subdividers were purchased by small-scale single family dwelling developers. Thus the responses of the subdividers to many questions (i.e. factors affecting the location decision) may be regarded as an expression of the consumer of the product, the small-scale builder.

2. There was a rapid price escalation in real estate markets through the province during the study period. In Vancouver it is estimated that average real estate values increased in excess of 70% during this period. (Real Estate Board of Greater Vancouver, Real Estate Trends 1974-1975, Vancouver, R.E.B.G.V., October 1974, p. A-29. These escalations in market value likely represented a strong inducement for existing producers to expand their output and for new producers to enter the sector. The primary reaction appears to have been the latter, an expansion of the number of producers.


4. These percentages varied according to structural type. Of the single-detached units demolished by multiple unit developers, 69.26% was reported in poor condition; 22.78% in average condition and 7.96% in good condition. The corresponding figures for single unit demolitions by developers of new single unit housing are: 79.39%, poor; 15.25%, average; and 5.36%, good.

5. The responses of the developers included in the sample in this section of the report are likely biased to a certain extent by the economic conditions prevalent immediately prior to the administration of the survey. The following quotation summarizes these conditions:

   Economic growth was virtually zero during both the second and third quarters of 1974. Year-over-year, the GNP rate of growth in real terms was 4 per cent.

   Interest rates rose sharply in response to overall strong demand for funds in the early part of the year. Inflationary expectations fuelled by rapid increases in prices accelerated this upward movement. Monetary policy was used to restrain excessive credit expansion, instead of tightening credit
conditions severely. The Bank Rate was changed four times during the year. The first three times, starting in April, it was adjusted upwards; from 7.25 per cent to 9.25 per cent. The narrowly defined money supply (currency and demand deposits) expanded by about 15 per cent during the first half of 1974. It slowed down considerably in the second half when it expanded only by 5 per cent.

Table 2.11(2) below summarizes the position of the developers included in the sample with respect to their inventory holdings of completed yet unoccupied dwellings for the year end of 1974, 1973 and 1972.

<table>
<thead>
<tr>
<th>Year</th>
<th>MULTIPLE UNIT DEVELOPERS</th>
<th>SINGLE UNIT DEVELOPERS</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td># C/U</td>
<td>TOTAL</td>
<td>%</td>
</tr>
<tr>
<td>1974</td>
<td>1092</td>
<td>4452</td>
<td>24.5</td>
</tr>
<tr>
<td>1973</td>
<td>387</td>
<td>3443</td>
<td>11.2</td>
</tr>
<tr>
<td>1972</td>
<td>242</td>
<td>1752</td>
<td>13.8</td>
</tr>
<tr>
<td>Average</td>
<td>573</td>
<td>3215</td>
<td>17.8</td>
</tr>
</tbody>
</table>

Note that the prevalence of completed yet unoccupied dwellings at year end more than doubled in 1974 relative to 1972.

One might have expected developers to have expressed more concern with regard to the financing of a completed inventory of units, however this does not appear to be of critical concern when compared to the difficulties encountered at the earlier stages of the development process.

7. The residential mortgage lending activity of Life Insurance Companies dropped sharply in 1974 (from $216,343,000 in 1973 to $85,921,000 in 1974, a decrease of 60.2%).


8. In March of 1974, impost fees ranged from a low of $300 per unit (single or multiple) in Port Coquitlam to $1,945 (multiple) and $1,555 - $2,205 (single units) in the District Municipality of Surrey.


9. See Section 5.2, this report.

10. "Our study indicates that ... developer characteristics on marketability and revenue tends to make cost considerations secondary to the developer ... local public policy that affects revenues tend to have more leverage than policy that affects costs."

CHAPTER V  CONCLUSIONS, IMPLICATIONS, POLICY SUGGESTIONS AND FUTURE RESEARCH

5.1 The Long and Short (run) of It

Throughout this paper a distinction has been made between the short run and long run implications of constraining or restricting the residential development industry's ability to meet market generated demands. In a broad sense, short run restrictions to the flow of new residential units such as the lengthy delays encountered in the approval process will be 'ironed out' over a period of time through the market adjustment process. By definition, the demand for and the supply of, housing services will reach equilibrium in the long run. Thus it may seem reasonable to question the concern expressed by many over the restrictions currently hampering the industry's ability to respond to market pressures. The justification for such concern is two-fold. Although an equilibrium state is assured in the long run, the path by which the equilibrium is reached may be a painful one marked by substantial swings in the rate of flow. Alternatively a more moderate path characterized by incremental change in an evolutionary process can also be obtained under a different set of circumstances. The actions of those involved in regulating the development process will have a marked effect on the nature of the journey to long run equilibrium.

An example will prove useful to illustrate this point. In a mixed economic system, such as that in Canada and in the Province of British Columbia, problems arise that would be relevant in neither a strictly 'free' nor a totally 'regulated' economy. Consider the effect of rent controls on the decision-making process of the suppliers of residential real
estate. Imposing a limit, or for that matter, even suggesting the possibility of rent controls can so change expectations as to restrict the level of output of that good. The costs of production may be unaffected. However the potential return stemming from the development is made less certain. Uncertainty leads all but the truly foolish to look elsewhere for investment opportunities. The response of the development industry to the threat and eventual imposition of rent controls in the Province of B.C. is clearly indicated by the decreased rate of production of rental units (see Section 4.24) and is consistent with the above reasoning.

This reaction would not be possible in a strictly market economy as such controls would never be imposed. In a planned economy, the effect would not be reflected in the production sector as all output is the subject of regulation. Controls placed in one sector would not affect others as all production is planned in advance. It is in the economic mid-ground that problems arise. The imposition of rent controls has pushed investors in the production process away from the provision of rental units; the evidence is quite clear. If, at some future date, these controls were to be lifted and subsequent price adjustments brought the level of rents in line with the cost of production of rental units the flow of new rental units would return to normal levels as dictated by the tastes and preferences of the time. An alternate and likely much more reasonable path to have followed to attain a similar end would have been to never have imposed such controls in the first place. The end result of imposing and removing controls is much the same end product as never having had imposed the controls in the first place. The major difference being that in the first case the production sector is interrupted by a sharp change

* At a given rate of return
in expectations and thus output. In the second case the flow is of a more orderly nature.

A second reason for concern centers on the eventual level of the long run equilibrium. The level of housing services available in the long run is clearly a function of short run decisions taken to reach the future. If, for example, restrictions were placed on the rate at which new housing units were added to the stock and these restrictions were maintained for a considerable period it is quite likely that the ultimate level of services at the long run equilibrium supply of housing services would be lower than it otherwise would have been.

Although equilibrium is assured in the long run, we have no notion of the qualitative aspects of that equilibrium; to say that demand will equal supply and leave it at that is to ignore the level of services available at that time and therefore societal welfare. Equilibrium may be achieved at considerably different levels of housing supply and quality.

5.2 Implications of Current Trends With Respect to The Supply of New Residential Housing

The trend toward increasing impediments to the supply of new housing has serious implications in both the short and the long run. The determinants of the level of flow or rate at which new units are added to the stock were discussed in Section 2.3 of this report. It was pointed out that increases in the costs of development, whether the result of increasing servicing charges, delays or dedications of land have a similar effect on the short run profitability of development. As a result the rate at which residential development occurs will decrease until such time as either the
cost of one or more of the factors of production has declined or the level of market demand has increased to reinstate the previous level of profitability.

For the moment, assume that the level of consumer demand remained constant over the period of adjustment that followed an increase in the costs of development. In the case of the individual developer, the residual amount left after he had subtracted the costs of development (labour, materials, financing charges and expected profit) from his estimate of the value of the completed project would be lower than otherwise would have been the case. If the decline was such that little or no land could be acquired at this newly calculated land residual then the developer would be left with two alternatives. Firstly, he could lower his profit expectations and, if the increase in development cost did not exceed the amount of profit he was willing to forego, he could carry on in his development activities. The residential development industry is, however, very competitive as evidenced by the large number of participants.¹ It is not likely that many developers would be in a position to significantly reduce the expected rate of return as alternate investment opportunities, within the real estate industry or outside it, would soon become more attractive.

The second alternative would be to reduce the maximum bid price for developable land. However, due to the resistance on the part of land holders to reduce their expectations, it is likely that little or no land may be immediately forthcoming at the new developers' lower bid price. Thus the immediate effects of increases in the costs of development are reflected in the rate of production.

As time passes the collective response of all developers affected by
the cost increase will be to put downward pressure on land prices through lower bids for land. It is critical to keep in mind that the residential submarket represents only one of many alternate and competing land uses and investors. Measures that result in cost increases in the residential sector may not necessarily be, at the same time, directed at those involved in utilizing scarce urban land for alternate uses. Much of the legislation and many of the constraints currently at work in the marketplace are specific to residential development. As such, they do not hamper the activities or maximum bid price of alternate users of land. Thus any measures that serve to raise the development costs of one specific user of the available supply of urban space may act so as to give a competitive edge to users in other sectors.

Consider for the moment the following example. If the costs of development of new residential real estate are raised through an increase in the off-site servicing charge levied in a given property market the immediate effect will be to lower the developer's maximum bid price for raw land. As mentioned earlier, it is unlikely that landowners will re-evaluate their expectations in the short run and as a result the short run rate of residential building activity will likely decline from what it otherwise would have been. In addition, the rate of flow may also be retarded in the longer run if this decreased ability to pay places the residential developers' maximum bid price below that of his nearest competitor for land.

In a similar vein, we must recognize that land represents a relatively small portion of the overall costs of residential development. It may well come to be that the constraints and charges levied against the residential development sector will reduce their ability to pay for raw land to a point where the maximum bid price is zero or negative. Clearly
increases in the cost of development stemming from the delays and constraints directed specifically at the residential sector (primarily by the local government level) have already significantly affected the scale and form of the urban landscape. This phenomena is displayed graphically in Figure 5.2.1.

As discussed in Chapter 2 of this report, the average price of dwelling units is set by the interaction of consumer demand with a supply (both in terms of quality and quantity) of housing units that is essentially fixed in the short run (Figure 5.2.1(a)). Given this market determined level of prices and the prevailing cost structure (Figure 5.2.1(b), case (1)), developers respond by adding $Q_1$ units to the stock. If however, impost fees are levied, the cost structure and consequently the rate at which new units are added to the stock, change. Each of the factors of production may be viewed as competing for as large a share as possible of the final value of the development. Thus the landowner desires to capture as much as he can for his property, labour is demanding its fair share, the suppliers of building materials would like to see their profit picture improve and similarly the financial backers of a given undertaking seek the maximum return possible. The developer estimates the most probable selling price of the units he is considering developing, and, if sufficient profit remains after the costs of development are subtracted, he will respond by undertaking the project. If however, the costs of development are such that the desired profit is 'squeezed' above the price at which the unit will likely sell by increases in the costs of development (as in Figure 2.5.1(b), with the addition of an impost fee) the developer will curtail or cease production. The aggregate response of all developers is represented
Figure 5.2.1

Residential Impost Fees and The Flow of New Units (one period)

Industry Cost Structure

Available Supply

Case 1  Case 2  Case 3

PROFIT  PROFIT
LABOUR  LABOUR
MATERIALS  MATERIALS
FINANCING  FINANCING
OVERHEAD  OVERHEAD
IMPOST FEE  IMPOST FEE

LAND  LAND  LAND

Flow of New Units
by the shift of the marginal cost curve in Figure 5.2.1(c). Thus the effect of 'squeezing' the developers' profit with increases in the cost of development is to cause the marginal cost curve to shift from $MC_1$ to $MC_2$, and consequently to reduce the rate at which new units are added to the stock (from $Q_1$ to $Q_2$).

Given that all developers in the affected submarket are facing the same cost increase and subsequent profit 'squeeze', the result will be downward pressure on the land residual. The ability to pay is reduced and the eventual response will be decreased residential land values (Figure 5.2.1(c)). This will in turn cause the industry's marginal cost curve to shift back from $MC_2$, in the direction of $MC_1$. The flow of new units will tend toward pre-impost levels. The critical consideration at this point is changes in the relative ability of competing land users to pay for developable land. If the new level of the residential use land residual has fallen below that of the next lower alternate use, the rightward return of the marginal cost curve will be impeded and production may not, even over a period of time, recover from the imposition of the cost increase. This event is becoming increasingly likely, particularly in light of the present and projected future rate of escalation of residual agricultural land values. Agricultural uses may, given current cost increases directed specifically at the residential submarket, soon be in a position to outbid developers of residential real property for the right to utilize land currently considered suitable for urban purposes. The extent to which this occurs as a result of constraints placed on the residential sector by government regulation and not the allocative function of the market is a cause for concern.

It is the actions of those involved in the provision of new housing
services in the present that will determine firstly the ease with which the long run equilibrium state is achieved and secondly the level of services available at that time. We should devote our attention to rectifying, as far as is possible, the constraints directed specifically at the residential development sector and the imperfections present in the market at this time. As Keynes once said, 'In the long run we are all dead'.

5.3 Policy Suggestions

This final section contains a number of policy suggestions based on the conclusions drawn earlier in this report with respect to the factors affecting the residential developers' decision-making process. It is hoped that the suggestions included in the following pages may lead to a different sort of regulation of the residential development sector and subsequently to an improved level of housing services.

Insofar as is possible, policy suggestions in this final section are apolitical. Emphasis is placed on procedures that may help to remove some of the market imperfections that impede the ability of the residential development industry to respond to changing market conditions. At the same time, it is recognized that many of the issues touched upon in this report are of a political nature and their resolution is best left in the political processes. Thus given our current understanding of the residential developer's decision-making process we shall now turn to a consideration of what hopefully represents useful policy suggestions.

5.3.1 Policy at the Federal and Provincial Level

The federal government's role in molding the conditions that affect
residential developer behaviour on a micro-economic level are not extensive. However a few comments seem to be in order. Federal government agencies are involved in assisting the servicing of our urban communities. Such assistance should be encouraged and expanded. This will hopefully lead to an expansion of the amount of developable land available (municipalities willing). This involvement could be extended to include some sort of cost sharing of ongoing expenses (current and maintenance costs), as well as capital expenditures, thus reducing some of the financial strain that is currently placed on local governments.

Of primary importance at the provincial level is a revision of the sections of the Municipal Act pertaining to real property development, with particular reference to a standardization of the approval procedure. At present this responsibility has been delegated to the individual municipalities with the result that developers encounter widely different regulations and procedures in different municipalities. Secondly, provision should be made for a common appeal procedure with respect to decisions regarding approvals, eliminating the wide range of procedures and filling the void in municipalities where no such procedures exist. Given the significant degree of contact that the residential development industry has at the provincial level (particularly with the Department of Highways and the Land Commission) a worthwhile change may be a 'provincial approval officer'. This would cut down on the diversity of contacts required for the residential development process and quite likely eliminate many of the frustrations many developers currently encounter with respect to 'prior' approval (i.e. two government departments both insisting that the developer obtain the required permission from the other department before considering an approval request in their own department).
In addition, finite deadlines for decision regarding both approvals and approval appeals should be established by regulation in the Municipal Act. Much of the uncertainty the developer faces is the result of long delays during which he finds his capital and human resources committed yet he is unable to ascertain the likelihood of development permission. Questions relating to local autonomy and growth/no growth policy would be unchanged, but the degree of certainty with which the developer faces the world would be greatly increased.

The last points to be made here concern municipalities' willingness to accommodate new residents. At the present time many municipalities in the province are extracting an impost fee from the residential developer in order to recover the marginal cost associated with the addition of housing units for infrastructure upgrading and ongoing maintenance. Given the effect of such measures on the rate of new housing starts this issue is particularly important. Much of the controversy surrounding municipal resistance to residential growth could be removed by revising the per capita grant system employed in the province. Increases in the absolute amount of the grant to any one municipality could be tied to the marginal cost associated with the projected increase in population and households in the following period. Discrepancies arising from incorrect projections could be accounted for in the distribution of the grant in the next period or as actual data become available. The implementation of a measure such as this would eliminate many of the problems in municipalities which are restricting residential growth for financial reasons. Those municipalities inhibiting residential growth for reasons other than insufficient financial capability would be placed in a position where they would have to defend
their decision for whatever the cause. Much of the doubt that surrounds the causes of municipal resistance to residential growth would be eliminated and as a result the political decision-making process would be enhanced with more perfect information upon which rational political decisions could be made.

Finally, the provincial government should be encouraged to engage in discussions with both the federal and regional levels of government with regard to cost sharing (both capital and ongoing maintenance) associated with the provision of public works, infrastructure and related transportation facilities.

5.3.2 Housing Policy and the Local Level Government

Whatever the nature of the changes that occur at the federal and provincial level, it will be the local level of government that decides its future. All that can realistically be done in a report such as this is to point to the implications of various policy alternates. If the political process at the local level deems it appropriate that the flow of new housing units flowing on to the market shall be less than what the market would dictate, it shall be so. This is the nature of our democratic system. Independent of provincial legislation, municipalities will, by and large, be free to determine their own fates by means of their degree of stringency with which regulations are interpreted and the nature of the local regulations they choose to augment the provincial legislation.

Thus if restricting the rate of new residential development in a given locale represents a viable political alternative despite the fact that the ultimate result will be a decreased availability and an increased cost of
housing services then the future trends in the approval process are clear. Increasing impost fees, requiring extensive on-site servicing and elaborate amenities and similar measures appear to be highly successful modifiers of the residential developers' enthusiasm to undertake development.

If, on the other hand, local governments decide it would be in their best interests (and therefore in the best interests of their constituents) to facilitate the rate at which housing units are added to the existing stock then once again, the road to follow is clear. Developers require adequate suppliers of appropriately zoned and serviced urban space (this may be accomplished either horizontally or vertically) and a cost structure such that a profit sufficient to justify involvement is available. The simplest manner in which this can be achieved is to reduce the level of uncertainty with which the developer faces his environment. Co-operation with other municipal and regional levels of government in the planning process and growth sharing would go a long way in this regard. Excessive or unjustified increases in the costs of development stemming from arbitrary regulation should be avoided, particularly where there is a possibility that the residential developer's ability to pay for developable space will fall below that generated by an alternate use. These shifts should be the result of market generated desires rather than unnecessarily inflexible planning regulation, or regulation aimed specifically at the residential sector.

In the final analysis the fate of the industry is in the hands of the residents of the province. The decisions of the voting public will determine the extent to which development is permitted to proceed. The best we can hope to do at this time is to introduce information that will in-
crease the knowledge with which these decisions are made and ensure that
the implications of alternate policies affecting growth and development
are made known.

5.4 Future Research

Developer decision-making appears to be highly dependent on the
conditions prevalent at the time decisions are made. As such, changes
in the environment in which the developer operates may be over-represented
in their responses relating to the importance of various factors affecting
their decisions at any given time. The present study was aided in this
respect by the existence of the 1972 Developer Survey (Goldberg, 1972)
in that continuing trends could be isolated from transitory changes ascribed
importance at the time the survey was undertaken.

As was noted in the introduction to this report, it is only through
an understanding of the decision-making process of the individual developer
that we can ever hope to understand the complex process by which urban
settlements evolve. In order to implement effective policy with a minimum
of unexpected side effects one must first understand the nature of the
underlying mechanisms at work. To the extent that this report has clari-
fied the level of understanding with regard to these mechanisms and spurred
further interest in the subject, it has served its purpose.

Appendix 3 contains a few notes directed to persons who may at some
time in the future conduct similar work and lists suggested changes to the
format and content of the questionnaire based on the experience gained as
the present study was undertaken.
1. Unfortunately (for the purposes of analysis) there is no record of the number of developers operating in the province. In preparing the list of developers to be included in the sample it soon became apparent that a large number of firms are involved. Total activity is estimated to be greater than 1200 individual firms and likely considerably higher.

2. Strictly speaking, the supply curve in Figure 5.2.1(a) should reflect the 'flow' that occurs over the period under consideration in addition to the 'stock' at the beginning of the period. See Section 2.4.

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Ratcliff, R.U. and Hamilton, S.W., Suburban Land Development, Vancouver, Faculty of Commerce and Business Administration, University of British Columbia, 1972.


Urban Development Institute, Submission to the Province of British Columbia, Vancouver, Urban Development Institute, Pacific Region, November 1974.


Appendix 1 - The 1972 Developer Survey
Housing Developer Questionnaire

We are currently engaged in a large scale study of housing in the Greater Vancouver Region. We are seeking information from developers in order to establish housing development patterns. Your help is greatly appreciated and your answers will be kept strictly confidential.

1. How long has your company been involved in real estate development? (number of years)

2. Is it a subsidiary of a larger company?
   (1) Yes 20.6
   (2) No 79.4

3. If so, what industry is the parent company associated with?
   (1) Lumber and Wood Products 15.5%
   (2) Construction 15.5%
   (3) Real Estate 31%
   (4) Transportation 0
   (5) Agriculture and Fisheries 0
   (6) Other (please specify) (Finance and Investment) 38%

4. How many inside employees do you have? (management, office staff, secretarial help etc.)

5. How many outside employees do you have? (salesmen, construction workers, etc.)

6. Which facets of development do you engage in?
   A. Site Selection
      (1) Yes 91%
      (2) No 9%
   B. Site Planning
      (1) Yes 91%
      (2) No 9%
   C. Construction
      (1) Yes 74.5%
      (2) No 25.5%
   D. Selling and Leasing
      (1) Yes 92%
      (2) No 8%
   E. Property Management
      (1) Yes 54%
      (2) No 44%

7. Do you do subdivisions alone without constructing housing yourself?
   (1) Yes 43%
   (2) No 57%
8. Do you buy lots from subdividers?
   (1) Yes 47.5
   (2) No 52.5

9. Do you construct housing yourself?
   (1) Yes 65%
   (2) No 35%

10. If so, do you also do contract building?
    (0) 15.7
    (1) Yes 44.5
    (2) No 39.8

11. How much in advance of construction do you usually acquire land? (number of years)

12. How many years inventory of land do you ordinarily hold at one time?

13. How many multiple family housing units will your company make available by the end of 1972?

14. How many were made available in 1971?

15. How many in 1970?

16. In which municipality did you locate the majority of these multiple family units
    in 1972
    in 1971
    in 1970

(Write in name to be coded later)

17. How many single family units will your company make available in 1972?

18. How many were made available in 1971?

19. How many in 1970?
20. In which municipality did you locate the majority of these single family units

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>49</td>
</tr>
<tr>
<td>1971</td>
<td>50</td>
</tr>
<tr>
<td>1970</td>
<td>51</td>
</tr>
</tbody>
</table>

(write in name to be coded later)

21. (This question is applicable to those who are in subdivision only).

How many lots will you make available by the end of 1972?

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>52-54</td>
</tr>
<tr>
<td>1971</td>
<td>55-57</td>
</tr>
<tr>
<td>1970</td>
<td>58-60</td>
</tr>
</tbody>
</table>

In which municipality were most of these lots located

<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1972</td>
<td>61</td>
</tr>
<tr>
<td>1971</td>
<td>62</td>
</tr>
<tr>
<td>1970</td>
<td>63</td>
</tr>
</tbody>
</table>

(write in name to be coded later)

II. The next set of questions deal with the development process and the location decision.


This is a list of various stages in the development process. Would you please place the stages in the order you think appropriate.

- A. Arranging Financing 64
- B. Choosing type of development 65
- C. Choosing size of development 66
- D. Choosing a site 67
- E. Choosing a contractor 68
- F. Choosing a neighborhood 69
- G. Getting zoning changed (if needed) 70
- H. Getting building permit 71
- I. Other (please specify) 72
2. I will read you a list of factors which related to your decision of whether or not to build. Would you please tell me for each factor whether it is

(0) Unimportant
(1) Fairly important
(2) of average importance
(3) Very important
or (4) Essential

(Interviewer: please indicate response)

A. Availability of financing
B. Interest rate
C. Population trends
D. Income trends in the region
E. Rent levels
F. Vacancy rates
G. Availability of developable land
H. Level of Construction in the region
I. Construction Costs

3. I will now read you a list of factors generally considered important in the location or site selection decision. Would you indicate relative importance of each in the same manner as before

A. Availability of developable land
B. Room for expansion
C. Price of land
D. Size of site
E. Nearness to major roads
F. Nearness to bus routes
G. Nearness to major shopping areas
H. Nearness to schools
I. Nearness to employment
J. Slope of site
K. Holding qualities of the soil
L. Access to trunk sewer
M. Proper zoning

4. Do you usually plan a project and then search for a site with qualities suitable for that project (1) OR do you usually just look for a "good buy" and plan a project for that site (2)? (Interviewer: indicate response as either 1 or 2).

1) 34.94
2) 53.97
3) (1 & 2) 7.94
4) Blank 3.17
5. Do you usually choose sites with a particular economic or social group in mind?  

6. Does the site usually dictate the price range of the housing?

7. Do you usually locate near (1) or avoid locating near (2) other new housing developments?

8. Do you usually lead or follow other developments in making housing available in new areas?
   (0) Blank 6.35
   (1) lead 47.62
   (2) follow 44.44
   (3) 1 & 2 1.59

III. The section deals with the type of housing constructed.

1. Which housing types has your company developed?
   A. Single family houses
   B. Garden Apartments and/or Condominiums
   C. Row housing
   D. Low-rise multiple
   E. High-rise multiple
   (Interviewer: indicate (1) yes, (2) no)

2. Which of these types do you prefer?
   (1) Single family houses
   (2) Garden apartments and/or condominiums
   (3) Row housing
   (4) Low-rise multiple
   (5) High-rise multiple

3. Which types are you likely to build in the future
   (1) Single family houses
   (2) Garden apartment and/or condominiums
   (3) Row housing
   (4) Low-rise multiple
   (5) High-rise multiple
   (Interviewer: indicate (1) yes, (2) no)

4. Have you found any municipal or legal constraints against the type of housing you have built in the past?
   (1) yes 36.51
   (2) no 55.56
   (0) 7.94
5. If yes, please specify

(a) type of constraint

(1) building code restrictions
(2) difficulty in obtaining building permit
(3) zoning restrictions
(4) other (please specify)

(b) type of housing

(1) Single family houses
(2) Garden Apartment and/or Condominiums
(3) Row housing
(4) Low-rise multiple
(5) High-rise multiple

(c) municipality
(to be coded later)

6. If yes, has this been a deterrent to building more of these units in the future?

(1) Yes 36.51
(2) No 55.56
(0) 7.94

7. (Interviewer: hand respondent Card A)
Would you please tell me the income group that you aimed your multiple family housing to, by giving me the appropriate letter code?

8. and for single family housing?

9. Which of the following factors determine the number of bedrooms in the housing units you build?

(1) Prevailing style in surrounding areas
(2) Family structure in surrounding areas
(3) Age structure of population
(4) Construction costs
(5) Other (please specify)

(Interviewer: indicate (1) yes, (2) no)
10. Which of the following factors determine the spaciousness of your housing units?

(1) Prevailing style in surrounding areas
(2) Income information on regional population
(3) Age structure of regional population
(4) Construction costs
(5) Land costs
(6) Other please specify

11. Which of the following factors determine the inclusion of such amenities as underground wiring, cul de sacs, paved lanes, play areas, or formal gardens.

(1) Prevailing style in surrounding areas
(2) Zoning regulations
(3) Other building or municipal codes
(4) other (please specify)

12. Which of the following factors determine the inclusion of such amenities as finished basements, extra family rooms, laundry rooms, or drapes and carpets?

(1) Prevailing style in surrounding areas
(2) Income information on regional population
(3) Age structure of regional population
(4) Family structure of regional population
(5) Construction Costs
(6) Upon request only
(7) Other (please specify)

13. Do you plan for families with children, families without children and for single individuals in developments of

(1) Single family houses
(2) Garden Apartments and/or Condominiums
(3) Row housing
(4) Low-rise multiple
(5) High-rise multiple

(Interviewer: indicate (0) don't do this type of housing)

(1) Yes
(2) No
IV  This section deals with aspects of renewal and redevelopment.

1. Have you found it necessary in most cases to acquire more than one parcel of land for developments of
   (0) No
   (1) Single family housing
   (2) Multiple family housing
   (Interviewer: indicate (1) yes (2) no).

2. Of the parcels that you acquire for single family housing, what percentage are
   (1) vacant
   (2) occupied by single family housing

3. Of the parcels that you acquire for multiple family housing, what percentage are
   (1) vacant
   (2) single family housing

4. What percentage of the single family housing is in
   (1) poor condition
   (2) average condition
   (3) good condition

5. Has any project of yours been discontinued because of difficulties
   (1) in assembling land?
   (2) in obtaining the proper zoning?
   (Interviewer: indicate (1) yes, (2) no).

V. This next section deals with the effectiveness of government controls.

1. I will read you a list of government and public organizations involved in planning and controlling land use. Would you tell me please how often you are involved with them by responding

   (0) never
   (1) sometimes
   (2) often
   (3) Always
2. Is citizen acceptance of your proposal an important element in your decision to proceed? (1) yes (2) no

3. Do residents of the immediate surrounding area significantly affect the character and type of development you will build? (1) yes (2) no

4. Do you follow a specific list of steps in gaining governmental approval of your development? (1) yes (2) no

5. If you do follow such a procedure, could you please specify the steps in the order in which you follow them.

**STEP**

**VI** This final area of concern deals with financing.

1. Do you usually use options for land purchases? (1) yes 65.08 (2) no 28.57 (0) 1.39 (3) Sometimes 4.76
2. How long is the option period typically?

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lender 30 days</td>
<td>28.57</td>
</tr>
<tr>
<td>31-60 days</td>
<td>1</td>
</tr>
<tr>
<td>60-90 days</td>
<td>15.87</td>
</tr>
<tr>
<td>91-120 days</td>
<td>17.46</td>
</tr>
<tr>
<td>121-180 days</td>
<td>9.52</td>
</tr>
<tr>
<td>181-270 days</td>
<td>15.87</td>
</tr>
<tr>
<td>271-365 days</td>
<td>4.76</td>
</tr>
<tr>
<td>Greater than 1 year</td>
<td>7.94</td>
</tr>
</tbody>
</table>

3. Do you often pay for options in advance?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>60.32</td>
</tr>
<tr>
<td>No</td>
<td>15.87</td>
</tr>
<tr>
<td>Sometimes</td>
<td>3.17</td>
</tr>
</tbody>
</table>

4. Do you usually include the option as an element in the purchase price should you exercise the option?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>No</td>
<td>22.22</td>
</tr>
<tr>
<td>Yes</td>
<td>74.60</td>
</tr>
<tr>
<td>No</td>
<td>3.17</td>
</tr>
</tbody>
</table>

5. Which is the most critical period for financing a housing development?

<table>
<thead>
<tr>
<th>Period</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchase of land</td>
<td>31.75</td>
</tr>
<tr>
<td>Construction financing</td>
<td>31.75</td>
</tr>
<tr>
<td>Financing inventory of completed units</td>
<td>20.63</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>3.17</td>
</tr>
</tbody>
</table>

6. In which area do you place most effort in order to reduce your costs?

<table>
<thead>
<tr>
<th>Area</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land cost and land assembly</td>
<td></td>
</tr>
<tr>
<td>Servicing</td>
<td></td>
</tr>
<tr>
<td>Construction-Labor</td>
<td></td>
</tr>
<tr>
<td>Construction-materials</td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
</tr>
<tr>
<td>Financing</td>
<td></td>
</tr>
</tbody>
</table>

7. I will read you a list of financial sources. Would you please tell me for each how often you use the source by responding?

<table>
<thead>
<tr>
<th>Response</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Never</td>
<td></td>
</tr>
<tr>
<td>Sometimes</td>
<td></td>
</tr>
<tr>
<td>Often</td>
<td></td>
</tr>
<tr>
<td>Always</td>
<td></td>
</tr>
</tbody>
</table>

(Interviewer: record number of response)
<table>
<thead>
<tr>
<th>Category</th>
<th>Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Institutions (Pensions, Trusts, etc)</td>
<td>48</td>
</tr>
<tr>
<td>B. Insurance Companies</td>
<td>49</td>
</tr>
<tr>
<td>C. Banks</td>
<td>50</td>
</tr>
<tr>
<td>D. CMHC-NHA</td>
<td>51</td>
</tr>
<tr>
<td>E. Equity</td>
<td>52</td>
</tr>
<tr>
<td>F. Mortgage Bankers</td>
<td>53</td>
</tr>
<tr>
<td>G. Partnership funds</td>
<td>54</td>
</tr>
<tr>
<td>H. Personal loans</td>
<td>55</td>
</tr>
<tr>
<td>I. Retained earnings</td>
<td>56</td>
</tr>
<tr>
<td>J. Personal Savings</td>
<td>57</td>
</tr>
<tr>
<td>K. Syndicated investors</td>
<td>58</td>
</tr>
<tr>
<td>L. Other (please specify)</td>
<td>59</td>
</tr>
</tbody>
</table>

8. With respect to the details of financing could you please tell me the degree of importance of the following factors by responding:

(0) unimportant
(1) fairly important
(2) average importance
(3) very important

A. Rate of Interest
B. Term of Loan
C. Amortization period
D. Loan to Value ratio
E. Degree of participation in cash flow by lender
F. Other (please specify)

9. Thank you for your help. The information you have provided has been very helpful and will be kept in strict confidence. Would you like a copy of the survey results?

(1) yes
(2) no

Interviewer: be sure to record the name and address.

Name and Address
"CARD A"

INCOMES RANGES OF PROSPECTIVE PURCHASERS

<table>
<thead>
<tr>
<th></th>
<th>UNDER</th>
<th>$2,000 per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>B</td>
<td>$2,001 to</td>
<td>$7,000 per year</td>
</tr>
<tr>
<td>C</td>
<td>$7,001 to</td>
<td>$8,000 per year</td>
</tr>
<tr>
<td>D</td>
<td>$8,001 to</td>
<td>$16,000 per year</td>
</tr>
<tr>
<td>E</td>
<td>$16,001 to</td>
<td>$25,000 per year</td>
</tr>
<tr>
<td>F</td>
<td>OVER</td>
<td>$25,000 per year</td>
</tr>
</tbody>
</table>
"CARD B"
STAGES IN THE DEVELOPMENT PROCESS

RANK

A. ARRANGING FOR FINANCING
B. CHOOSING TYPE OF DEVELOPMENT
C. CHOOSING SIZE OF DEVELOPMENT
D. CHOOSING A SITE FOR THE DEVELOPMENT
E. CHOOSING A NEIGHBOURHOODS FOR THE DEVELOPMENT
F. CHOOSING A CONTRACTOR
G. GETTING ZONING CHANGED (IF NEEDED)
H. GETTING BUILDING PERMIT
I. OTHER STAGES - PLEASE SPECIFY
Appendix 2(a)

The 1975 Developer Questionnaire
Your help is greatly appreciated and your answers will be kept strictly confidential.

This first section deals with the general structure and organization of your firm.

1.1. How long has your company been involved in real estate development? (number of years) (12.89 years)

1.2. Is your firm a subsidiary of a larger company?

(1) Yes (14.29%)
(2) No (85.71%)

If yes to question 1.2., continue; if no, proceed to question 1.4.

1.3. What type of industry is the parent company associated with?

(1) Lumber and wood products (10%)
(2) Construction (0.0%)
(3) Real estate (45.0%)
(4) Transportation (5.0%)
(5) Agriculture and fisheries (0.0%)
(6) Finance & investment (25.0%)
(7) Other (please specify (15.0%))

1.4. Where is the head office of your firm located?

Interviewer: please specify below, to be coded at a later date.

Interviewer: hand respondent card A

1.5. For each function listed on card A, could you tell me firstly, the number of employees you have in the category and secondly, the approximate percentage of each group that would be members of a union?
<table>
<thead>
<tr>
<th>Category</th>
<th>#</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Management</td>
<td>3.04</td>
<td></td>
</tr>
<tr>
<td>B. Professional (architects, engineers, etc.)</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>C. Office staff</td>
<td>5.53</td>
<td></td>
</tr>
<tr>
<td>D. Sales staff</td>
<td>6.03*</td>
<td></td>
</tr>
<tr>
<td>E. Construction/development</td>
<td>4.53</td>
<td></td>
</tr>
</tbody>
</table>

* Excludes 5 firms that engage primarily in real estate sales rather than development.
II. This section deals with Multiple Residential Units for the years 1974, 1973 and 1972.

2.1. Have you, in the past 3 years, constructed any multiple unit residential structures? - by the term multiple unit residential structure we mean garden apartments, low-rise and hi-rise residential structures excluding single detached, semi detached, duplex, and row housing structures.

(1) Yes (28.57%)
(2) No (71.43%)

Interviewer: if yes to above question, continue; if no, proceed to question 3.1.

Interviewer: hand respondent card B

2.2. From the list of responses on card B, please choose the one that most closely indicates the relative importance of the following factors in the determination of the average number of bedrooms in the multiple residential units you build.

(A) Prevailing style in surrounding areas (1.84)
(B) Family size in surrounding areas (1.84)
(C) Family income of potential users (2.54)
(D) Age structure of population (2.11)
(E) Construction costs (2.50)
(F) Other (please specify (1.71))

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

2.3. Similarly, could you indicate the relative importance of the following factors in the determination of the average floor-space per unit for your multiple residential structures?

(A) Prevailing style in surrounding areas (1.79)
(B) Income information on regional population (2.18)
(C) Age structure of regional population (1.65)
2.4. Similarly, how important are the following factors in determining the inclusion of amenities such as underground wiring, cul de sacs, paved lanes, play areas, paved lanes in your multiple residential projects?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Importance Level</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevailing style in surrounding areas</td>
<td>1</td>
<td>1.87</td>
</tr>
<tr>
<td>Family income of potential users</td>
<td>2</td>
<td>2.08</td>
</tr>
<tr>
<td>Zoning regulations</td>
<td>3</td>
<td>3.46</td>
</tr>
<tr>
<td>Other building or municipal codes</td>
<td>4</td>
<td>3.33</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>0</td>
<td>0.79</td>
</tr>
</tbody>
</table>

2.5. Again, how important are the following factors in determining as to whether or not amenities such as extra family rooms, dens, laundry room, drapes, or carpets are included in your multiple residential structures?

<table>
<thead>
<tr>
<th>Factor</th>
<th>Importance Level</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevailing style in surrounding areas</td>
<td>1</td>
<td>1.89</td>
</tr>
<tr>
<td>Income information on regional population</td>
<td>2</td>
<td>2.26</td>
</tr>
<tr>
<td>Age structure of regional population</td>
<td>3</td>
<td>1.74</td>
</tr>
<tr>
<td>Family size of regional population</td>
<td>4</td>
<td>1.80</td>
</tr>
<tr>
<td>Construction costs</td>
<td>5</td>
<td>2.91</td>
</tr>
<tr>
<td>Upon request only</td>
<td>6</td>
<td>1.00</td>
</tr>
<tr>
<td>Other (please specify)</td>
<td>7</td>
<td>0.88</td>
</tr>
</tbody>
</table>

2.6. Has the reduction in the federal building materials tax had any measurable effect on your construction costs?

<table>
<thead>
<tr>
<th>Response</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>17.5%</td>
</tr>
<tr>
<td>No</td>
<td>82.5%</td>
</tr>
</tbody>
</table>
2.7. How has this reduction in construction costs affected your multiple residential building activities?

Interviewer: please record response below

2.8. Would you please tell me the income group that you aimed your multiple family housing to, by giving me the appropriate number code?

2.9. How often does your firm purchase land from subdividers or land assemblers for your multiple projects?

(1) never
(2) seldom
(3) often
(4) always

2.10. How many multiple residential units did your firm:

(A) *Start* in 1974? (See Table 2.10)
(B) *Complete* in 1974? (See Table 2.11)

Interviewer: if 2.10.B = 0, proceed to question 2.21.

2.11. How many multiple residential units did your firm have completed but unoccupied at the year end of 1974?

Interviewer: hand respondent card D (See Table 2.11)
2.12. Could you give me a breakdown of the total number of completions in 1974 according to the structural types listed on Card D?

(A) Garden apartments
(B) Low-rise multiples
(C) Hi-rise multiples

2.13. For each multiple type on card D could you give me the approximate percentage distribution of those disposed of under rental tenure, strata-title, and co-operative tenure?

Interviewer: complete table below.

<table>
<thead>
<tr>
<th>TENURE</th>
<th>Rental</th>
<th>Strata</th>
<th>Co-op</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden Apartment</td>
<td>(24.7%)</td>
<td>(74.6%)</td>
<td>(1.2%)</td>
</tr>
<tr>
<td>Low-rise Multiple</td>
<td>=100%</td>
<td>=100%</td>
<td>=100%</td>
</tr>
<tr>
<td>High-rise Multiple</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2.14. Please specify the area(s) in which the majority of these projects took place.

A) Organized area(s)

Interviewer: please specify the name(s) of the municipality, city, town or village

1st

2nd

32-37

B) Unorganized area(s)

Interviewer: please record the name of A) the Regional District, B) the area, and C) the nearest incorporated area.
2.15. From the list of structure types on card E could you tell me firstly which type your firm is likely to build in the future.

Interviewer: record response in column II)

(1) Yes
(2) No

and secondly, the approximate percentage each structural type will account for with respect to your future projects?

Interviewer: record percentage in column I.

<table>
<thead>
<tr>
<th>Column I</th>
<th>Column II</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Single detached</td>
<td>%</td>
</tr>
<tr>
<td>B) Semi detached</td>
<td>%</td>
</tr>
<tr>
<td>C) Duplex</td>
<td>%</td>
</tr>
<tr>
<td>D) Row housing</td>
<td>%</td>
</tr>
<tr>
<td>E) Garden apartments</td>
<td>%</td>
</tr>
<tr>
<td>F) Low-rise multiple</td>
<td>%</td>
</tr>
<tr>
<td>G) Hi-rise multiple</td>
<td>%</td>
</tr>
</tbody>
</table>

2.16. Will the location of your future multiple units be in the same area(s) as it has been in the past?

(1) Yes (77.50%)
(2) No (22.50%)

Interviewer: if no to above, continue; otherwise proceed to question 2.19.
2.17. What area(s) will the majority of your multiple units be located in the future?

A) Organized area(s)

Interviewer: name(s) of municipality, city, town, or village.

B) Unorganized area(s)

Interviewer: name of regional district, area, nearest incorporated area.

2.18. What was the principal reason for the change in location?

Interviewer: please specify below, to be coded at a later date.

2.19. Did your firm experience any unusual difficulties in dealing with government with regard to your multiple residential projects in 1974?

(1) Yes (47.5%)
(2) No (52.5%)

Interviewer: if yes to 2.19., continue; if no, proceed to question 2.21.

Interviewer: hand respondent card F.
2.20. As laid out in card F, could you please specify:

A) The nature of the difficulty

[Box: Interviewer: please specify below.]

(See Table 2.20)

B) What was the predominate structural type?

(0) No predominate structural type (26.3%)
(1) Garden apartments (21.1%)
(2) Low-rise multiple (36.8%)
(3) High-rise multiple (15.8%)

C) What was the predominate tenure?

(0) No predominate tenure (21.1%)
(1) Rental (10.5%)
(2) Strata (68.4%)
(3) Co-op (0.0%)

D) In what location or area were the majority of these difficulties encountered?

i) Organized areas

ii) Unorganized areas

E) What level of government was the source of these difficulties?

(1) Federal (5.3%)
(2) Provincial (5.3%)
(3) Regional (5.3%)
(4) Local (84.1%)

F) Will this be a deterrent to building in this area in the future?

(1) Yes (47.4%)
(2) No (52.6%)
G) Will this be a deterrent to building this type of unit in the future?

   (1) Yes  (47.4%)
   (2) No   (52.6%)

2.21. How many multiple residential units did your firm

   (A) Start in 1973?  (See Table 2.10)
   (B) Complete in 1973?  (See Table 2.11)

Interviewer: if none to 'B', proceed to question 2.28.

2.22. How many multiple residential units did your firm have completed but unoccupied at the year end of 1973?

(See Table 2.12)

2.23. Again, could you give me a breakdown of the total number of completions in 1973 according to the structural categories listed on card D.

   (A) Garden apartments
   (B) Low-rise multiple
   (C) Hi-rise multiple

2.24. For each multiple type on card D could you give me the approximate percentage distribution of those completed, by tenure? (rental, strata, co-op)

Interviewer: please fill in table below

<table>
<thead>
<tr>
<th>TENURE</th>
<th>Rental</th>
<th>Strata</th>
<th>Co-op</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden Apartment</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
<tr>
<td>Low-rise Multiple</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
<tr>
<td>Hi-rise Multiple</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
</tbody>
</table>

(42.7%) (56.5%) (0.9%)
2.25. Please specify the area(s) in which the majority of these projects took place.

A) Organized areas

Interviewer: specify name of municipality, city, town, or village.

1st

2nd

OR

55-60

61-66

B) Unorganized areas

Interviewer: please specify name of the Regional District, the area, and the nearest incorporated area.

1st

67-72

2nd

73-80

2.26. Did your firm experience any unusual difficulties in dealing with government with regard to your multiple residential projects in 1973?

(1) Yes (25.0%)
(2) No (75.0%)

Interviewer: if yes to 2.26., continue; if no, proceed to question 2.28.

Interviewer: hand respondent card F.
2.27. As laid out in card F, could you please specify:

A) The nature of the difficulty?

Interviewer: please specify below.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

B) What was the predominate structural type?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(0) No predominate structural type  (20.0%)</td>
<td></td>
</tr>
<tr>
<td>(1) Garden apartments  (30.0%)</td>
<td></td>
</tr>
<tr>
<td>(2) Low-rise multiples  (40.0%)</td>
<td></td>
</tr>
<tr>
<td>(3) Hi-rise multiples  (10.0%)</td>
<td></td>
</tr>
</tbody>
</table>

C) What was the predominate tenure?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(0) No predominate tenure  (30.0%)</td>
<td></td>
</tr>
<tr>
<td>(1) Rental  (20.0%)</td>
<td></td>
</tr>
<tr>
<td>(2) Strata  (50.0%)</td>
<td></td>
</tr>
<tr>
<td>(3) Co-op   (0.0%)</td>
<td></td>
</tr>
</tbody>
</table>

D) In what location or area were the majority of these difficulties encountered?

i) Organized areas

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ii) Unorganized areas

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

E) What level of government was the source of these difficulties?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Federal  (0.0%)</td>
<td></td>
</tr>
<tr>
<td>(2) Provincial (10.0%)</td>
<td></td>
</tr>
<tr>
<td>(3) Regional (0.0%)</td>
<td></td>
</tr>
<tr>
<td>(4) Local  (90.0%)</td>
<td></td>
</tr>
</tbody>
</table>
2.28. How many multiple residential structures did your firm: 

(A) Start in 1972? (See Table 2.10) 
(B) Complete in 1972? (See Table 2.11) 

Interviewer: if answer to 2.28.B = 0, proceed to question 2.33.; if greater than 0, please continue.

2.29. How many multiple residential units did your firm have completed but unoccupied at the year end of 1972? 
(See Table 2.12) 

Interviewer: hand respondent card D.

2.30. Could you give me a breakdown of the total number of completions in 1972 according to the categories on card D? 

(A) Garden apartments 
(B) Low-rise multiples 
(C) Hi-rise multiples 

2.31. Again, for each multiple type on card D could you give me the approximate percentage distribution of those units disposed of under rental tenure, strata-title, and co-operative tenure? 

Interviewer: please fill out table below.

<table>
<thead>
<tr>
<th>TENURE</th>
<th>Rental</th>
<th>Strata</th>
<th>Co-op</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden Apartment</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
<tr>
<td>Low-rise Multiple</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
<tr>
<td>Hi-rise Multiple</td>
<td></td>
<td></td>
<td>=100%</td>
</tr>
</tbody>
</table>

(55.8%) (44.2%) (0.0%)

2.32. Please specify the area(s) in which the majority of these projects took place. 

A) Organized areas (name of municipality, city, town, or village).  

1st ___________________________________________________________________________  5-10

2nd ___________________________________________________________________________  11-16
B) Unorganized areas (name of Regional District, area, and nearest incorporated area)

1st choice ____________________________ 17-22

______________________________

______________________________

2nd choice ____________________________ 23-28

______________________________

______________________________

2.33. Do you usually assemble or acquire the land for your multiple family projects rather than purchasing from a land developer? 29

(0) No Response  (8.33%)
(1) Yes  (86.11%)
(2) No  (5.56%)

Interviewer: if yes to above, continue; if no, proceed to question 3.1.

2.34. How frequently do you acquire property already zoned to the desired use for your multiple family projects? 30

(1) never
(2) seldom  (2.69%)
(3) often
(4) always

2.35. Have you found it necessary in most cases to acquire more than one parcel of land for your multiple residential developments? 31

(0) No Response  (10.00%)
(1) Yes  (72.50%)
(2) No  (17.50%)

2.36. Of the parcels that you acquire for multiple family projects, approximately what percentage are:

(A) Vacant? 32-34
(B) Occupied by single detached housing? 35-37
(C) Occupied by structure or uses other than single detached housing? 38-40
   (please specify use for C ____________________________)

Interviewer: if response to 'B' above is greater than zero, continue; if not, proceed to question 2.38.
2.37. Of those single family units demolished for new projects, approximately what percentage is:

(A) In poor condition? 41-43
(B) In average condition? 44-46
(C) In good condition? 47-49

2.38. Has any multiple residential project of yours been discontinued because of difficulties:

(A) In financing? (28.95%) 50
(B) Engineering problems? (2.63%) 51
(C) In assembling land? (28.95%) 52
(D) In obtaining the proper zoning? (55.26%) 53
(E) Other (please specify (22.22%) 54

(1) Yes
(2) No

2.39. On the average, how many years in advance of construction do you acquire land? 55-56

(See Table 2.39)

Interviewer: record number of years.

2.40. How many years inventory of land do you ordinarily hold at one time? 57-58

(See Table 2.39)

2.41. Has the size of your inventory holdings changed significantly in the past two years? 59

(1) Yes (42.5%)
(2) No (57.5%)

Interviewer: if yes to above, continue; if no, proceed to question 2.43.

2.42. What was the principal reason for the change in the size of your inventory holdings? 60

Interviewer: state response below.
2.43. Do you expect the size of your inventory holdings to change in the future?

(1) Yes (42.5%)
(2) No (57.5%)

Interviewer: if yes to above, continue; if no, proceed to question 2.45.

2.44. What is the principal reason for the change?

Interviewer: record response below.

2.45. Approximately what percentage of the land you acquire is resold to another developer or investor with no substantial improvements added by your firm?
(See Land Acquisition Section)

Interviewer: if response to 2.45. is greater than zero, continue; otherwise proceed to question 2.48.

2.46. What is the approximate percentage of these transactions where your intention, at the time of acquisition, was to resell with no substantial improvements?
(See Land Acquisition Section)

2.47. Approximately what percentage of these transactions were the result of circumstances unforeseen at the time of acquisition?
(See Land Acquisition Section)

2.48. How often does your firm do contract building of multiple units?

(1) never
(2) seldom (1.38%)
(3) often
(4) always
III. This section deals with Single Residential Units for the years 1974, 1973 and 1972.

3.1. Have you, in the past 3 years, constructed any single residential units? By the term 'single residential units' we mean single detached units, semi detached units, duplexes, and row housing.

(1) Yes (46.43%)
(2) No (53.57%)

Interviewer: if yes to 3.1., continue; if no, proceed to question 4.1.

Interviewer: hand respondent card B.

3.2. From the list of responses on card B, please choose the one that best describes the relative importance of the following factors in the determination of the average number of bedrooms in the single detached housing units you build?

(A) Prevailing style in surrounding areas (2.13%)
(B) Family size in surrounding areas (1.98%)
(C) Family income of potential users (2.46%)
(D) Age structure of population (1.67%)
(E) Construction costs (2.55%)
(F) Other (please specify (0.96%))

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

3.3. Similarly, could you indicate the relative importance of the following factors in determining the per unit floor space of your single residential housing units?

(A) Prevailing style in surrounding areas (2.02%)
(B) Income information of regional population (2.03%)
(C) Family size of regional population (1.76%)
(D) Age structure of regional population (1.65%)
(E) Construction costs (2.81%)
(F) Land costs (3.05%)
(G) Municipal or other regulations (1.97%)
(H) Other (0.74%)

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential
3.4. Similarly, how important are the following factors in determining the inclusion of amenities such as underground wiring, cul de sacs, paved lanes, play areas, or formal gardens in your single residential housing units?

(A) Prevailing style in surrounding areas (1.40%)  
(B) Family income of potential users (1.71%)  
(C) Zoning regulations (3.25%)  
(D) Other building or municipal codes (2.87%)  
(E) Other (please specify (1.13%)  

(0) unimportant  
(1) fairly important  
(2) of average importance  
(3) very important  
(4) essential  

3.5. Again, how important are the following factors in determining the inclusion of amenities such as extra family rooms, dens, laundry rooms, drapes or carpets in your single residential housing units?

(A) Prevailing style in surrounding areas (1.69%)  
(B) Income information on regional population (1.93%)  
(C) Age structure of regional population (1.52%)  
(D) Family structure of regional population (1.83%)  
(E) Construction costs (2.41%)  
(F) Upon request only (1.88%)  
(G) Other (please specify (0.75%)  

(0) unimportant  
(1) fairly important  
(2) of average importance  
(3) very important  
(4) essential  

3.6. Has the reduction in the federal building materials tax had any measurable effect on your construction costs with respect to single residential units?

(1) Yes (21.54%)  
(2) No (78.46%)  

Interviewer: if yes to 3.6., continue; if no, proceed to question 3.7.

3.6A. How has this reduction in construction costs affected your single residential building activities?

Interviewer: please record response below.
3.7. Would you please tell me the income group that you aim your single residential housing to, by giving me the appropriate number code?

3.8. How often do you buy lots from subdividers for your single family projects?

(1) never
(2) seldom
(3) often
(4) always

3.9. How many single residential units did your firm:

(A) Start in 1974? (See Table 2.10)
(B) Complete in 1974? (See Table 2.11)

3.10. How many single residential units did your firm have completed but unoccupied at the year end of 1974?

(See Table 2.12)

3.11. Of the single residential units your firm completed in 1974 approximately what percentages would fall into the following categories: single detached, semi detached, duplexes, and row housing.

(A) Single detached
(B) Semi detached
(C) Duplexes
(D) Row housing

3.12. Approximately what percentage of the single residential units completed by your firm in 1974 were utilized by other than owner occupiers?

(4.8%)
3.13. For each structural type on card G, could you give me the approximate percentage that were ultimately owner-occupied and ultimately rental.

Interviewer: please fill in table below.

<table>
<thead>
<tr>
<th>TENURE</th>
<th>Owner-occupied</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single detached</td>
<td>=100%</td>
<td></td>
</tr>
<tr>
<td>Semi detached</td>
<td>=100%</td>
<td></td>
</tr>
<tr>
<td>Duplex</td>
<td>=100%</td>
<td></td>
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<tr>
<td>Row housing</td>
<td>=100%</td>
<td></td>
</tr>
</tbody>
</table>

(4.8%) (95.2%)

3.14. Please specify the area(s) in which the majority of these developments took place.

A) Organized area(s) (Municipality, city, town, or village)

1st choice 
2nd choice 

B) Unorganized area(s) (name of Regional District, the area, and the nearest incorporated area)

1st choice 
2nd choice 

3.15. Will the location of your future single family units be in the same area(s) (as 3.14 above)?

(1) Yes (69.35%)
(2) No (30.65%)

Interviewer: if no to above, continue; if yes, proceed to question 3.18.
3.16. What was the principal reason for the change in location?  

Interviewer: please specify, below.


3.17. In what area(s) will the majority of your single residential units be located in the future?  

Interviewer: please specify below.

A) Organized area(s) (Municipality, city, town, or village)
   1st choice
   2nd choice

B) Unorganized areas (name of Regional District, the area, and the nearest incorporated area)
   1st choice
   2nd choice

3.18. Did your firm experience any unusual difficulties in dealing with government with regard to your single residential projects in 1974?  

(1) Yes  (44.62%)
(2) No  (55.38%)

Interviewer: if yes to 3.18, continue; if no, proceed to question 3.20.

Interviewer: hand respondent card H.
3.19. As laid out in card H, could you please specify:

A) The nature of the difficulty.

Interviewer: please specify below.

(See Table 2.20)

B) What was the predominate structural type?

- (0) No predominate structural type (20.0%)
- (1) Single detached (30.0%)
- (2) Semi detached (40.0%)
- (3) Duplexes (10.0%)
- (4) Row housing (0.0%)

C) What was the predominate tenure?

- (0) No predominate tenure (30.0%)
- (1) Rental (20.0%)
- (2) Ownership (50.0%)

D) In what location or area were the majority of these difficulties encountered?

1) Organized areas

2) Unorganized areas

E) What level of government was the source of these difficulties?

- (1) Federal (0.00%)
- (2) Provincial (10.00%)
- (3) Regional (0.00%)
- (4) Local (90.00%)

3.20. How many single residential units did your firm:

(A) Start in 1973? (See Table 2.10)
(B) Complete in 1973? (See Table 2.11)

Interviewer: if response to question 3.20.B = 0, proceed to question 3.28., otherwise continue.
3.21. How many single residential units did your firm have completed but unoccupied at the year end of 1973? (See Table 2.12) 30-32

3.22. Of the single residential units your firm completed in 1973 approximately what percentages would fall into the following categories: single detached, semi detached, duplexes and row housing.

(A) Single detached 33-36
(B) Semi detached 37-40
(C) Duplexes 41-44
(D) Row housing 45-48

3.23. Approximately what percentage of the single residential units completed by your firm in 1973 were utilized by other than owner occupiers? (2.1%) 49-51

Interviewer: if answer to 3.23 is greater than zero, continue, otherwise proceed to question 3.25.

Interviewer: hand respondent card G.

3.24. For each structural type on card G, could you give me the approximate percentage that were ultimately owner-occupied and ultimately rental.

Interviewer: please fill in table below.

<table>
<thead>
<tr>
<th>TENURE</th>
<th>Owner-occupied</th>
<th>Rental</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single detached</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Semi detached</td>
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<tr>
<td>Duplex</td>
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<td></td>
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<tr>
<td>Row housing</td>
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</table>

(97.7%) (2.1%)

3.25. Please specify the area(s) in which the majority of these developments took place.

A) Organized area(s) (Municipality, city, town, or village)

1st choice

2nd choice

5-10

11-16
B) Unorganized area(s) (name of Regional District, the area, and the nearest incorporated area)

1st choice

2nd choice

17-22

23-28

3.26. Did your firm experience any unusual difficulties in dealing with government with regard to your single residential projects in 1973?

(1) Yes
(2) No

Interviewer: if yes to 3.26., continue; if no, proceed to question 3.28.

Interviewer: hand respondent card H

3.27. As laid out in card H, could you please specify:

A) The nature of the difficulty

Interviewer: please specify below.

B) What was the predominate structural type?

(0) No predominate type
(1) Single detached
(2) semi detached
(3) Duplexes
(4) Row housing

C) What was the predominate tenure?

(0) No predominate tenure
(1) Rental
(2) Ownership
D) In what location or area were the majority of these difficulties encountered?

i) Organized areas

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<tr>
<th>Location</th>
<th>Percentage</th>
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<tr>
<td></td>
<td>33-38</td>
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</table>

ii) Unorganized areas

<table>
<thead>
<tr>
<th>Location</th>
<th>Percentage</th>
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<tr>
<td></td>
<td>39-44</td>
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E) What level of government was the source of these difficulties?

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<tr>
<th>Level</th>
<th>Description</th>
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<tbody>
<tr>
<td>(1)</td>
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<tr>
<td>(2)</td>
<td>Provincial</td>
</tr>
<tr>
<td>(3)</td>
<td>Regional</td>
</tr>
<tr>
<td>(4)</td>
<td>Local</td>
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</table>

3.28. How many single residential units did your firm

(A) Start in 1972? (See Table 2.10) 46-49
(B) Complete in 1972? (See Table 2.11) 50-53

Interviewer: if response to question 3.28.B = 0, proceed to question 3.34; otherwise, continue.

3.29. How many single residential units did your firm have completed but unoccupied at the year end of 1972? 54-56
(See Table 2.12)

3.30. Of the single residential units your firm completed in 1972 approximately what percentages would fall into the following categories: single detached, semi detached, duplex, row housing.

(A) Single detached 57-60
(B) Semi detached 61-64
(C) Duplex 65-68
(D) Row housing 69-72

3.31. Approximately what percentage of the single residential units completed by your firm in 1972 were utilized by other than owner occupiers? 73-75

(3.2%)
Interviewer: if answer to question 3.31. is greater than zero, continue; otherwise proceed to question 3.33.

Interviewer: hand respondent card G.

3.32. For each structural type on card G, could you give me the approximate percentage that were ultimately owner-occupied and ultimately rental?

Interviewer: please fill in table below.

<table>
<thead>
<tr>
<th>TENURE</th>
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<tbody>
<tr>
<td>Owner-occupied</td>
</tr>
<tr>
<td>Single detached</td>
</tr>
<tr>
<td>Semi detached</td>
</tr>
<tr>
<td>Duplex</td>
</tr>
<tr>
<td>Row housing</td>
</tr>
</tbody>
</table>

(26.8%) (3.2%)

3.33. Please specify the area(s) in which the majority of these projects took place.

A) Organized area(s) (Municipality, city, town, or village)

1st choice

2nd choice

29-34

35-40

B) Unorganized area(s) (the name of the Regional District, the area, and the nearest incorporated area)

1st choice

2nd choice

41-46

47-52
3.34. Do you usually assemble or acquire the land for your single residential projects rather than purchasing from a land developer?

(0) No Response (53.13%)
(1) Yes (18.75%)
(2) No (28.12%)

Interviewer: if yes to above, continue; if no, proceed to question 3.39.

3.35. How often do you acquire property already zoned to the desired use for your single family projects?

(1) never
(2) seldom (2.94%)
(3) often
(4) always

3.36. Have you found it necessary in most cases to acquire more than one parcel of land for your single residential projects?

(0) No Response (23.08%)
(1) Yes (40.00%)
(2) No (36.92%)

3.37. Of the parcels that you acquire for single residential projects, what percentage are:

(A) Vacant
(B) Occupied by single detached housing?
(C) Occupied by structure or uses other than single detached housing? (please specify)

(See Table 2.36)

Interviewer: if response to 'B' above is greater than zero, continue; if not, proceed to question 3.39.

3.38. Of those single detached units demolished for new projects, what percentage is:

(A) In poor condition?
(B) In average condition?
(C) In good condition?

(See Table 2.36)

3.39. Has any single residential project of yours been discontinued because of difficulties:

(A) In financing? (23.44%)
(B) Engineering problems? (6.15%)
(C) In assembling land? (29.23%)
(D) In obtaining proper zoning? (30.77%)
(E) Other (please specify) (10.00%)

(1) Yes
(2) No
3.40. On the average, how many years in advance of construction do you acquire land? (See Table 2.39)

Interviewer: record number of years.

3.41. How many years inventory of land do you ordinarily hold at one time? (See Table 2.39)

3.42. Has the size of your inventory holdings changed significantly in the past two years?

(1) Yes (32.31%)
(2) No (67.69%)

Interviewer: if yes to above, continue; if no, proceed to question 3.44.

3.43. What was the principal reason for the change in the size of your inventory holdings?

Interviewer: state response below.

3.44. Do you expect the size of your inventory holdings to change in the future?

(1) Yes (50.77%)
(2) No (49.23%)

Interviewer: if yes to above, continue; if no, proceed to question 3.46.

3.45. What is the principal reason for the change?

Interviewer: record response below.
3.46. Approximately what percentage of the land you acquire is resold to another developer or investor with no substantial improvements added by your firm?
(See Land Acquisition Section)

Interviewer: if response to 3.46. is greater than zero, continue; otherwise proceed to question 3.49.

13-15

3.47. What is the approximate percentage of these transactions where your intention, at the time of acquisition, was to resell with no substantial improvements?
(See Land Acquisition Section)

16-18

3.48. Approximately what percentage of these transactions were the result of circumstances unforeseen at the time of acquisition?
(See Land Acquisition Section)

19-21

3.49. How often does your firm do contract building with regard to single residential units?

(1) never
(2) seldom
(3) often
(4) always

(2.02%)
V. This section deals with land use contracts.

4.1. Have any of your projects proceeded via a Land Use Contract?

(1) Yes (35.12%)
(2) No (64.88%)

Interviewer: if yes to above, continue; if no, proceed to question 5.1.

4.2. What percentage of your projects over the past year have proceeded via Land Use Contracts?

Interviewer: hand respondent card E.

4.3. From the list on card E, could you tell me the approximate percentage for each structural type carried out, under Land Use Contracts?

Interviewer: enter percentage or N/A for structural types not carried out by the respondent.

Single - detached
Single - semi detached
Single - duplex
Single - row housing
Multiple - garden apts.
Multiple - low-rise
Multiple - hi-rise

4.4. What percentage of these projects would be:

(A) Fee simple
(B) Strata title
(C) Rental
(D) Co-op

4.5. To the best of your knowledge, do rental projects receive preferential treatment relative to strata title developments in the terms of the Land Use Contract?

(1) Yes (13.56%)
(2) No (86.44%)
4.6. In what area did the majority of these projects occur?

A) Organized areas (the name of the municipality, city, town, or village) 

B) Unorganized areas (the name of the Regional District, the area, and the nearest incorporated area) 

Interviewer: hand respondent card I

4.7. Please pick the response from card I that most closely reflects your feelings with respect to the following statements:

Operating via Land Use Contracts

A) Is more time consuming than conventional rezoning (1.51%)  
B) Requires higher direct costs (i.e. ignoring opportunity or time costs) than conventional rezoning (1.86%)  
C) Gives rise to a greater degree of uncertainty than conventional rezoning (2.17%)  
D) Requires considerable investment prior to approval (1.84%)  
E) Allows a greater degree of flexibility than conventional zoning controls (2.90%) 

(1) strongly agree  
(2) agree  
(3) indifferent  
(4) disagree  
(5) strongly disagree

4.8. Have there been any significant changes in the terms or conditions relevant to Land Use Contracts in your area in the past year?

(1) Yes (55.93%)  
(2) No (44.07%)

Interviewer: if yes to above, continue; if no, proceed to question 4.10.
4.9. Please specify the nature of the change(s).

Interviewer: please record response below, to be coded later.

(See Table 4.9)

4.10. Are you charged a per unit impost fee?

   (1) Yes  (86.44%)
   (2) No   (13.56%)

Interviewer: if yes to question 4.10., continue; if no, proceed to question 5.1.

4.11. What is the amount of the per unit impost fee for

   (A) Single residential structures?
   (B) Multiple unit structures?

4.12. Does the impost charge vary with the tenure of the housing?

   (1) Yes   (20.34%)
   (2) No    (79.66%)
V. This section considers the subdivision process.

5.1. Does your firm involve itself solely with subdivision and sell its product to others for the subsequent stages of the development process?

(1) Yes (45%)
(2) No (55%)

Interviewer: if yes to above, continue; if no, proceed to question 6.1.

5.2. On the average, how many years in advance of construction do you acquire land?

(See Table 2.39)

Interviewer: record number of years.

5.3. How many years inventory of land do you ordinarily hold at one time?

(See Table 2.39)

5.4. Has the size of your inventory holdings changed significantly in the past two years?

(1) Yes (57.14%)
(2) No (42.86%)

Interviewer: if yes to above, continue; if no, proceed to question 5.6.

5.5. What was the principal reason for the change in the size of your inventory holdings?

Interviewer: state response below.

5.6. Do you expect the size of your inventory holdings to change in the future?

(1) Yes (41.27%)
(2) No (58.73%)

- 33 -
5.7. What is the principal reason for the change?

Interviewer: record response below.

5.8. How has the change in the federal income tax act relating to tax write-offs on land affected your firm?

Interviewer: record response below.

5.9. Has the reduction in the federal building materials tax had any measurable effect on your development costs?

(1) Yes (4.76%)
(2) No (95.24%)

Interviewer: if yes to question 5.9., continue; if no, proceed to question 5.11.

5.10. How has this reduction in development costs affected your subdivision activities?

Interviewer: record response below.

Interviewer: hand respondent card B.
5.11. From the list of responses on card B, please choose the one that most closely indicates the relative importance of the following factors in determining the average lot size of your subdivisions.

(A) Prevailing style in surrounding areas (1.55%) 17
(B) Income information on regional population (1.45%) 18
(C) Age structure of regional population (0.85%) 19
(D) Land costs (2.69%) 20
(E) Zoning regulations (3.25%) 21
(F) Other (please specify) (1.18%) 22

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

5.12. Similarly, could you indicate the relative importance of the following factors in determining the inclusion of such amenities as underground wiring, cul de sacs, paved lanes, play areas, or formal gardens.

(A) Prevailing style in surrounding areas (1.46%) 23
(B) Family income in surrounding areas (1.31%) 24
(C) Zoning regulations (3.41%) 25
(D) Other building or municipal codes (3.28%) 26
(E) Other (please specify) (0.50%) 27

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

5.13. How many lots were completed by your firm in 1974? _______ 28-31
5.14. How many were completed in 1973? (See Table 2.11) _______ 32-35
5.15. How many were completed in 1972? _______ 36-39
5.16. What area(s) were the majority of these lots located:
(A) In 1974?
   1) Organized areas (Municipality, city, town, or village)

__________ 40-43

__________ 44-49
ii) Unorganized areas (name of the Regional District, the area, and the nearest incorporated area)

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B) In 1973?

i) Organized areas

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<td>56-61</td>
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ii) Unorganized areas

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<td>62-67</td>
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C) In 1972?

i) Organized areas

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<td>68-73</td>
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ii) Unorganized areas

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<td>74-79</td>
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5.16. In what area(s) will the majority of your projects take place in the future?

A) Organized areas

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B) Unorganized areas

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<td>11-16</td>
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</table>
5.17. How frequently do you acquire properties zoned to the desired use for your single residence subdivisions?

(1) never
(2) seldom (2.95%)
(3) often
(4) always

5.18. Has any project of yours been discontinued because of difficulties:

(A) In financing? (11.29%)
(B) Engineering problems? (19.35%)
(C) In assembling land? (45.16%)
(D) In obtaining proper zoning? (46.77%)
(E) Other (please specify) (26.67%)

Interviewer: if yes to 'D' above, continue; if no, proceed to question 5.20.

5.19. Was this project (1) single residential or (2) multiple residential?

5.20. Did your firm experience any unusual difficulties in dealing with government with regard to your residential projects?

(1) Yes (93.22%)
(2) No (6.78%)

Interviewer: if yes to 5.20., continue; if no, proceed to question 6.1.

5.21. Could you please specify:

(A) The nature of the difficulty

Interviewer: please specify below.

(See Table 2.2G)
(B) What was the predominate structural type?

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<td>1</td>
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<tr>
<td>2</td>
<td>Semi detached</td>
</tr>
<tr>
<td>3</td>
<td>Duplex</td>
</tr>
<tr>
<td>4</td>
<td>Row housing</td>
</tr>
<tr>
<td>5</td>
<td>Garden apartments</td>
</tr>
<tr>
<td>6</td>
<td>Low-rise multiples</td>
</tr>
<tr>
<td>7</td>
<td>Hi-rise multiples</td>
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</table>

(C) What was the predominate tenure?

<p>| | |</p>
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<tbody>
<tr>
<td>0</td>
<td>No predominate tenure</td>
</tr>
<tr>
<td>1</td>
<td>Rental</td>
</tr>
<tr>
<td>2</td>
<td>Strata</td>
</tr>
<tr>
<td>3</td>
<td>Co-op</td>
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</table>

(D) In what location or area were the majority of these difficulties encountered?

1) Organized areas

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<tr>
<td>1</td>
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<td>2</td>
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</table>

ii) Unorganized areas

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<tr>
<td>0</td>
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<td>1</td>
<td></td>
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<td>2</td>
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</table>

(E) What level of government was the source of these difficulties.

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<table>
<thead>
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<tbody>
<tr>
<td>1</td>
<td>Federal (0.00%)</td>
</tr>
<tr>
<td>2</td>
<td>Provincial (14.55%)</td>
</tr>
<tr>
<td>3</td>
<td>Regional (5.45%)</td>
</tr>
<tr>
<td>4</td>
<td>Local (80.00%)</td>
</tr>
</tbody>
</table>
I. The next set of questions deals with the development process.

6.1. To what extent does your firm engage in the following facets of the development process?

(A) Site selection (3.39)  
(B) Land assembly (2.90)  
(C) Site planning & subdivision layout (2.65)  
(D) Construction (1.72)  
(E) Selling & leasing (3.23)  
(F) Property management (1.52)

(0) never  
(1) seldom  
(2) as often as not  
(3) often  
(4) always

Interviewer: hand respondent card J and record order of response.

6.2. This is a list of various stages in the development process. Would you please place the stages in the order you think appropriate.

(A) Arranging financing  
(B) Choosing type of development  
(C) Choosing size of development  
(D) Choosing a site  
(E) Choosing a contractor  
(F) Choosing a neighbourhood  
(G) Getting zoning changed (if needed)  
(H) Getting building permit  
(I) Other (please specify)

Interviewer: hand respondent card B and record response.

6.3. I will read a list of factors that may be related to your decision as to whether or not you will proceed with a project. Would you please tell me, for each factor, which response on card B best describes its relative importance.

(A) Availability of financing (3.05)  
(B) Interest rate (2.32)  
(C) Population trends (1.95)  
(D) Income trends in the region (1.87)  
(E) Rent levels (1.30)
6.4. I will now read you a list of factors generally considered important in the location or site selection decision. Would you indicate relative importance of each in the same manner as before.

(A) Availability of developable land (2.92) 32
(B) Room for expansion (1.30) 33
(C) Price of land (3.20) 34
(D) Size of site (2.14) 35
(E) Nearness to major roads (2.08) 36
(F) Nearness to bus routes (1.65) 37
(G) Nearness to major shopping areas (1.94) 38
(H) Nearness to schools (2.08) 39
(I) Nearness to employment (1.54) 40
(J) Slope of site (1.80) 41
(K) Holding qualities of the soil (1.71) 42
(L) Access to trunk sewer (2.91) 43
(M) Proper zoning (3.26) 44
(N) Character (existing & potential) of the surrounding area (2.07) 45
(O) Other (please specify) (0.64) 46

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

6.5. Do you usually plan a project and then search for a site with qualities suitable for that project (1) OR do you usually just look for a "good buy" and plan a project for that site (2)?

(1) (19.05%)
(2) (80.95%)

Interviewer: indicate response as either 1, 2, or 3 = 1 and 2.
6.6. Do you usually choose sites with a particular economic or social group in mind?

(1) Yes (49.40%)
(2) No (50.60%)

6.7. Does the site usually dictate the price range of the housing?

(1) Yes (91.07%)
(2) No (8.93%)

6.8. Do you usually locate near (1), or avoid locating near (2), other new housing developments?

(1) (42.86%)
(2) (57.14%)

6.9. Do you usually lead or follow other developments in making housing available in new areas?

(1) Lead (41.07%)
(2) Follow (58.93%)

6.10. Does the surrounding area usually dictate the price range of the housing?

(1) Yes (86.90%)
(2) No (13.10%)

6.11. Is citizen acceptance of your proposal an important element in your decision to proceed?

(1) Yes (57.14%)
(2) No (42.86%)

Interviewer: if yes to above, continue; if no, proceed to question 6.13.

6.12. Do the desires of citizens (1) affect your project as a result of direct input or (2) indirectly, as a result of their input to the approval process?

(1) (12.5%)
(2) (87.5%)

Interviewer: 3 = 1 and 2.

6.13. Do residents of the immediate surrounding area significantly affect the character and type of development you will build?

(1) Yes (52.98%)
(2) No (47.02%)
6.14. Apart from Land Use Contracts are you required to pay any unusual levies to the authorities?

(1) Yes  (52.98%)
(2) No  (47.02%)

Interviewer: if yes to 6.14., continue; if no, proceed to question 6.17.

6.15. To whom are these fees or levies paid?

Interviewer: record response below.

6.16. What are the nature of these fees of levies?

Interviewer: record response below.

6.17. Would you please comment on the local approval procedure?

Interviewer: please record response below.

(See Table 6.17)

6.18. Do you follow a specific list of steps in gaining government approval of your developments?

(1) Yes  (55.95%)
(2) No  (44.05%)

Interviewer: if yes to 6.18., continue; if no, proceed to question 6.20.
6.19. Could you please specify the steps in the order in which you follow them.

<table>
<thead>
<tr>
<th>STEP</th>
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</tbody>
</table>

6.20. In the course of a 'typical' development how often does your firm have contact with the following government bodies:

<table>
<thead>
<tr>
<th>Interviewer: code response:</th>
<th>(0) never</th>
<th>(1) seldom</th>
<th>(2) often</th>
<th>(3) always</th>
<th>(See Table 2.20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>i) Federal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A) C.M.H.C.</td>
<td>(0.76)</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>B) Dept. of Fisheries</td>
<td>(0.30)</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>C) Ministry of Transport</td>
<td>(0.16)</td>
<td></td>
<td></td>
<td></td>
<td>7</td>
</tr>
<tr>
<td>D) Dept. of Public Works</td>
<td>(0.23)</td>
<td></td>
<td></td>
<td></td>
<td>8</td>
</tr>
<tr>
<td>E) National Harbours Board</td>
<td>(0.10)</td>
<td></td>
<td></td>
<td></td>
<td>9</td>
</tr>
<tr>
<td>F) Dept. of the Environment</td>
<td>(0.29)</td>
<td></td>
<td></td>
<td></td>
<td>10</td>
</tr>
<tr>
<td>G) Other (please specify</td>
<td>(0.06)</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
</tr>
<tr>
<td>ii) Provincial</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A) Dept. of Housing</td>
<td>(0.53)</td>
<td></td>
<td></td>
<td></td>
<td>12</td>
</tr>
<tr>
<td>B) Dept. of Highways</td>
<td>(1.14)</td>
<td></td>
<td></td>
<td></td>
<td>13</td>
</tr>
<tr>
<td>C) Land Commission</td>
<td>(0.79)</td>
<td></td>
<td></td>
<td></td>
<td>14</td>
</tr>
<tr>
<td>D) Rentalsman</td>
<td>(0.41)</td>
<td></td>
<td></td>
<td></td>
<td>15</td>
</tr>
<tr>
<td>E) Land Use Secretariat</td>
<td>(0.31)</td>
<td></td>
<td></td>
<td></td>
<td>16</td>
</tr>
<tr>
<td>F) Municipal Affairs</td>
<td>(0.49)</td>
<td></td>
<td></td>
<td></td>
<td>17</td>
</tr>
<tr>
<td>G) Other (please specify</td>
<td>(0.43)</td>
<td></td>
<td></td>
<td></td>
<td>18</td>
</tr>
<tr>
<td></td>
<td>(1.00)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>iii) Regional District</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>19</td>
</tr>
<tr>
<td>iv) Local</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A) City Council</td>
<td>(1.72)</td>
<td></td>
<td></td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>B) Planning Dept.</td>
<td>(2.76)</td>
<td></td>
<td></td>
<td></td>
<td>21</td>
</tr>
<tr>
<td>C) Engineering Dept.</td>
<td>(2.71)</td>
<td></td>
<td></td>
<td></td>
<td>22</td>
</tr>
<tr>
<td>D) School Board</td>
<td>(0.90)</td>
<td></td>
<td></td>
<td></td>
<td>23</td>
</tr>
<tr>
<td>E) Parks Board</td>
<td>(0.83)</td>
<td></td>
<td></td>
<td></td>
<td>24</td>
</tr>
<tr>
<td>F) Public Utilities</td>
<td>(1.71)</td>
<td></td>
<td></td>
<td></td>
<td>25</td>
</tr>
<tr>
<td>G) Permit &amp; Licence Dept.</td>
<td>(2.27)</td>
<td></td>
<td></td>
<td></td>
<td>26</td>
</tr>
<tr>
<td>H) Assessment Dept.</td>
<td>(1.49)</td>
<td></td>
<td></td>
<td></td>
<td>27</td>
</tr>
<tr>
<td>I) Ratepayer's Association</td>
<td>(0.71)</td>
<td></td>
<td></td>
<td></td>
<td>28</td>
</tr>
<tr>
<td>J) Other (please specify</td>
<td>(0.31)</td>
<td></td>
<td></td>
<td></td>
<td>29</td>
</tr>
</tbody>
</table>
VII. This final area of concern deals with financing.

7.1. Do you use options for land purchases?

(1) Yes (67.3%)
(2) No (32.7%)

Interviewer: if yes to 7.1., continue; if no, proceed to question 7.6.

7.2. Expressed as a percentage, how often would you estimate you use options for land purchases?

7.3. How long is the option period typically?

(0) No Response (2.65%)
(1) Less than 30 days (0.00%)
(2) 31-60 days (8.85%)
(3) 61-90 days (17.70%)
(4) 91-120 days (15.93%)
(5) 121-180 days (23.89%)
(6) 181-270 days (19.47%)
(7) 271-365 days (7.08%)
(8) Greater than 1 year (4.42%)

7.4. Do you usually pay for options in advance?

(0) No Response (1.41%)
(1) Yes (74.65%)
(2) No (23.94%)

7.5. Is the option usually included as part of the purchase price should you exercise the option?

(0) No Response (0.00%)
(1) Yes (98.5%)
(2) No (1.41%)

7.6. Which is the most critical period for financing a housing development?

(0) No Response (20.35%)
(1) Purchase of land (27.43%)
(2) Construction financing (34.51%)
(3) Financing inventory of completed units (8.85%)
(4) Other (please specify) (8.85%)
7.7. In which area do you place most effort in order to reduce your costs?

(0) no response (11.50%)
(1) land costs and land assembly (40.71%)
(2) servicing (7.96%)
(3) construction - labour (8.85%)
(4) construction - materials (9.73%)
(5) sales (1.77%)
(6) financing (2.65%)
(7) other (please specify) (16.81%)

7.8. I will read you a list of financial sources. Would you please tell me for each how often you use the source by responding

(0) never
(1) sometimes
(2) often
(3) always

Interviewer: record number of response.

(A) Institutions (Pensions, trusts, etc.) (0.76) ________ 14
(B) Insurance companies (0.55) ________ 15
(C) Banks (2.09) ________ 16
(D) CMHC-NHA (0.56) ________ 17
(E) Equity (1.03) ________ 18
(F) Mortgage bankers (0.69) ________ 19
(G) Partnership funds (0.47) ________ 20
(H) Personal loans (0.57) ________ 21
(I) Retained earnings (1.15) ________ 22
(J) Personal savings (0.52) ________ 23
(K) Syndicated investors (0.53) ________ 24
(L) Provincial government (please specify dept.) (0.23) ________ 25
(M) Other (please specify) (0.28) ________ 26

Interviewer: hand respondent card B.

7.9. I will read you a list of details relating to financing; could you please tell me the degree of importance of the following factors by responding with the choice from card B that most closely reflects their relative importance:

(A) Rate of interest (2.64) ________ 27
(B) Term of loan (2.30) ________ 28
(C) Amortization period (2.10) ________ 29
(D) Loan to value ratio (2.73) ________ 30
(E) Degree of participation in cash (2.50) ________ 31
(F) Other (please specify (0.59) ) ________ 32

(0) unimportant
(1) fairly important
(2) of average importance
(3) very important
(4) essential

Thank you for your help. The information you have provided has been very helpful and will be kept in strict confidence. Would you like a copy of the survey results?

(1) Yes
(2) No

Interviewer: be sure to record the name and address.

Name of respondent: ________________________________ 0-20 34
Name of firm: ________________________________ 21-42
Street address of firm: ________________________________ 43-63
City, town, or village: ________________________________ 64-80
Card A

A. Management
B. Professional (Architects, Engineers)
C. Office staff
D. Sales staff
E. Construction/development

Card B

0) unimportant
1) fairly important
2) of average importance
3) very important
4) essential

Card C

0) under \$2,999 per year
1) \$3,000 to \$4,999 per year
2) \$5,000 to \$6,999 per year
3) \$7,000 to \$9,999 per year
4) \$10,000 to \$14,999 per year
5) \$15,000 to \$19,999 per year
6) \$20,000 to \$24,999 per year
7) \$25,000 to \$29,999 per year
8) \$30,000 and over

Card D

A) Garden apartments
B) Low-rise multiples
C) Hi-rise multiples
Card E

A) Single detached
B) Semi detached
C) Duplex
D) Row housing
E) Garden apartments
F) Low-rise multiples
G) Hi-rise multiples

Card F

A) What was the nature of the difficulty?
B) What was the predominate structural type?
   (0) no predominate structural type
   (1) garden apartments
   (2) low-rise multiple
   (3) hi-rise multiple
C) What was the predominate tenure?
   (0) no predominate tenure
   (1) rental
   (2) strata
   (3) co-op
D) In what location or area were the majority of these difficulties encountered?
E) What level of government was the source of these difficulties?
   (A) Federal
   (B) Provincial
   (C) Regional
   (D) Local

Card G

A) Single detached
B) Semi detached
C) Duplex
D) Row housing
Card H

A) What was the nature of the difficulty?
B) What was the predominate structural type?
   (0) no predominate structural type
   (1) single detached
   (2) semi detached
   (3) duplexes
   (4) row housing

C) What was the predominate tenure?
   (0) no predominate tenure
   (1) rental
   (2) ownership

D) In what location or area were the majority of these difficulties encountered?

E) What level of government was the source of these difficulties?
   (A) Federal
   (B) Provincial
   (C) Regional
   (D) Local

Card I

(1) strongly agree
(2) agree
(3) indifferent
(4) disagree
(5) strongly disagree

Card J

A. Arranging financing
B. Choosing type of development
C. Choosing size of development
D. Choosing a site
E. Choosing a contractor
F. Choosing a neighbourhood
G. Getting zoning changed (if needed)
H. Getting building permit
I. Other (please specify)
The Urban Land Economics Division of the Faculty of Commerce and Business Administration at U.B.C. has recently received a research grant of $41,000 from the Real Estate Institute of British Columbia to conduct a study of housing needs in British Columbia. The study has as its goal the development of a set of policies that will ease the current housing problem and promote the fair and equitable functioning of housing markets in all of the regions of the province. The report and recommendations are expected to be completed and available for public discussion by early Fall.

As a critical part of this work we are attempting to sample expert opinion from the real estate industry on the decision-making process of housing and land developers. By understanding the elements that go into decisions to proceed on their developments we can also identify current problems in the development process that are retarding the orderly flow of new housing and serviced land to the consumer.

Interviews with developers are the prime source of information for the study of how supply decisions are taken. Of particular interest are the choice of location and the type and cost of the housing to be developed. The institutional and community considerations that are involved in planning and implementing a development are also extremely important. Information obtained will be kept in the strictest confidence by the faculty and used only for the purpose of averaging with other data to determine industry characteristics. The results of this study will, of course, be readily available to you upon completion of the study. A similar study was completed three years ago and its results have been widely disseminated and very well received. You are most welcome to have a copy of that study as well, should you wish.

In gathering data on developer decision-making we hope to be able to contact all developers in the province. Accordingly, we would like to have one of our graduate research assistants telephone you shortly to arrange a one-hour interview at your convenience. If you have any questions about our work please contact me at 228- or Professor Stanley Hamilton at 228-. Thank you for your cooperation.

Sincerely,

Michael A. Goldberg
Associate Professor
Urban Land Economics
The Urban Land Economics Division of the Faculty of Commerce and Business Administration at U.B.C. has recently received a research grant of $41,000 from the Real Estate Institute of British Columbia to conduct a study of housing needs in British Columbia. The study has as its goal the development of a set of policies that will ease the current housing problem and promote the fair and equitable functioning of housing markets in all of the regions of the province. The report and recommendations are expected to be completed and available for public discussion by early Fall.

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Due to the size and geographic diversity of our province, it is impossible for us to adequately study the real estate development process in all regions of the province. We much prefer to rely on the local expertise that your board can provide about local conditions in housing and land development. Accordingly, we very much hope that you will be able to assist us in gathering information on development practices and policies in your area. Your help in administering the questionnaire is most critical to the success of our project and we hope that it is possible for you to cooperate with us in this matter. We have gone to great lengths to prepare the questionnaire (a copy of which is enclosed for your information) and to make it as straightforward as possible to administer. We will be most happy to send you as many questionnaires as you might require to survey the
developers in the service area covered by your board. We have also prepared an instructional cover letter which we shall forward at the same time.

In addition to the present questionnaire we are sending along to you a copy of the earlier questionnaire and the findings based upon it. The present questionnaire has been revised to take in account recent changes in the real development practice (eg. land use contracts, rent control, impost charges and increasing municipal and regional control of the development process).

The present questionnaire consists of 7 sections (detailed below). Our experience has shown us that it should typically take between 30-45 minutes to administer. While the questionnaire includes a large number of questions it is highly unlikely that all sections will apply to any one respondent. Respondents will only be answering a relatively small portion of the questionnaire. As a result the time needed to administer the questionnaire is kept to a minimum.

The 7 sections are designed to provide information on the following:

1. General Characteristics of Development Firms
2. Elements of Multiple Residential Unit Development
3. Elements of Single Residential Unit Development
4. The Role of Land Use Contracts in Residential Development
5. The Subdivision Process
6. Stages and Components of the Residential Development Process
7. The Financing of Residential Development

As the Real Estate Institute of British Columbia is most eager to have our final report, of which this study is an important component, by the end of this summer (eg. August, 1975) your earliest cooperation in this matter is most appreciated. On the assumption that it is possible for you to assist us in this survey we would like to ask that in your selection of respondents from your area that you try to include both large and small developers. However, for purposes of statistical reliability it is most important that the greatest effort be aimed at getting accurate responses from those developers that account for the bulk of development activity in your service area. Please keep in mind that by development activity we are including both land subdivision and servicing and housing construction.

If you have any questions on any of the above, or if we can be of any further assistance in answering questions on other phases of our work, please call me (at 228-  ) or Professor Stanley Hamilton (at 228-  ), collect. We look forward to your response as soon as your time allows. Finally, and most importantly, we very much hope that you find it possible to provide us and your Real Estate Institute with the assistance we need to complete this very difficult task within the time available.

Thank you very much in advance for your consideration of this request.

Yours sincerely,

Michael A. Goldberg
Associate Professor
Urban Land Economics

MAG/ld
Encl.
Appendix 3

Although the questionnaire was prepared with care it became apparent that a number of changes would have been desirable. These alterations are of two types, those directed at obtaining more complete information and those that would allow for a more simplified method of analysis.

Recommended changes of the first type, that is directed at obtaining more perfect information, are as follows.

1. Each developer type should be queried as to the type of unit built in the past and the type(s) he is likely to develop in the future. This is a convenient manner in which emerging trends can be identified.

2. Developers could be asked to identify the reasons for either increased or decreased annual production relative to their expectations at the beginning of the year. This would allow for an identification of problem areas as well as giving an indication of the success of various policy measures directed at the residential development section.

3. In the present study no direct mention was made to rent control. This was done intentionally in an attempt to isolate opinions unbiased by interviewer/respondent interaction or the phrasing of questions in the survey. While this approach was valuable in that developers often made reference to the subject, the responses were non-quantifiable. In future studies of this type we recommend that the questionnaire include reference to all the areas considered relevant at the time.

Recommended changes of the second type, that is changes directed at improving or simplifying the manner in which the data may be treated, are as follows.
1. In the present study developers were asked to specify the location of their projects in a number of contexts throughout the questionnaire. This repetitious questioning appears to be unnecessary in that disaggregation by geographical area was not possible (beyond a macro type of metro-non/metro classification) due to insufficient sample size. For the purposes of investigations such as the developer survey, geographical identification may be reduced to a single question relating to areas in which the developer has operated during the study period. This alteration would eliminate much of the unnecessary bulk contained in the questionnaire.

2. This next comment applies to the method of analysis rather than the questionnaire itself. Rather than writing individual fortran programmes to generate information with respect to each subject of investigation (as was done in the preparation of this report), data processing would be much simplified by the usage of 'canned' statistical packages such as S.P.S.S. or M.V.Tab.
Appendix 4

Background Data on Housing in B.C.

**TABLE A4-1**
Stops, Completions, Completed/Unoccupied Units (1970-1974)

<table>
<thead>
<tr>
<th>Year</th>
<th>B.C.</th>
<th>Vancouver</th>
<th>Victoria</th>
<th>B.C.</th>
<th>Vancouver</th>
<th>Victoria</th>
<th>New Completed/Unoccupied</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974</td>
<td>31420</td>
<td>14452</td>
<td>2630</td>
<td>34540</td>
<td>155814</td>
<td>4000</td>
<td>1631 97</td>
</tr>
<tr>
<td>1973</td>
<td>27627</td>
<td>17334</td>
<td>4013</td>
<td>34604</td>
<td>15580</td>
<td>3406</td>
<td>404 5</td>
</tr>
<tr>
<td>1972</td>
<td>35317</td>
<td>16210</td>
<td>4192</td>
<td>31097</td>
<td>14044</td>
<td>3390</td>
<td>551 424</td>
</tr>
<tr>
<td>1971</td>
<td>34765</td>
<td>15553</td>
<td>3102</td>
<td>30478</td>
<td>14984</td>
<td>2836</td>
<td>335 167</td>
</tr>
<tr>
<td>1970</td>
<td>27316</td>
<td>13437</td>
<td>2559</td>
<td>26652</td>
<td>13488</td>
<td>3184</td>
<td>429 144</td>
</tr>
</tbody>
</table>

* Includes Vancouver C.M.A. and Victoria C.M.A.
** Fourth Quarter


**TABLE A4-2**
Vacancy Rates in Privately Initiated Apartment Structures of
(Six Units and Over (1970-1974)

<table>
<thead>
<tr>
<th>Year</th>
<th>Vancouver CMA</th>
<th>Victoria CMA</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974 (December)</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>1974 (June)</td>
<td>0.3</td>
<td>0.5</td>
</tr>
<tr>
<td>1973</td>
<td>1.0</td>
<td>1.4</td>
</tr>
<tr>
<td>1972</td>
<td>2.4</td>
<td>3.2</td>
</tr>
<tr>
<td>1971</td>
<td>4.1</td>
<td>4.1</td>
</tr>
<tr>
<td>1970</td>
<td>2.7</td>
<td>5.3</td>
</tr>
</tbody>
</table>