

## APPENDIX C

### BRIEFING NOTE ON WORKFORCE HOUSING

The purpose of this briefing note is to illustrate the experiences of other resource/resort communities in relation to housing, both temporary and permanent.

The report includes examples of housing provided by market, employer and non-market mechanisms. It is organized by the type of industry that most impacts the community, beginning with mining and followed by oil and gas, forestry-logging, resort and other industries. It ends with a look at non-housing strategies used to create stability in the British Columbia resource town of Tumbler Ridge in the 1980s.

#### *MINING COMMUNITIES*

Large mining companies are typically involved in the provision of housing for their workers. This involvement can range from the construction and operation of company towns to providing transportation and camp accommodation at the mine site. Recent patterns in Canadian mining suggest that new mines are operated on a fly-in fly-out (FIFO) basis, eliminating the need to build company towns and housing. In Australia, major mining companies continue to build housing for their employees. Below is a selection of current and historic examples of housing strategies in mining communities around the world.

##### *Uranium City, Saskatchewan*

###### *Housing Supplier: Provincial Government and Employer*

In response to the rapid development of a uranium mine in Northern Saskatchewan in 1951, the Province of Saskatchewan designed a town and invited the federal crown corporation, Eldorado Mining and Refining Ltd., to pay for the town without owning or operating it. Eldorado refused and started to build company housing close to the mine site. Squatter settlements and their associated social problems developed in areas around the mine, spurring the provincial government to proceed with the building of Uranium City in 1952.

Despite the government's effort to build a new town, it was not until Eldorado developed an aggressive company housing program in Uranium City that there was a notable increase in mine-employee housing in the town.

##### *Antofagasta, Chile*

###### *Housing Supplier: Employer (Escondida)*

The La Escondida copper mining project is considered a mega-project by international standards. It is located in Chile's Atacama Desert 3,000 meters above sea level and 160 kilometres southeast of Antofagasta, a city of approximately 300,000 people. Escondida has a housing plan that builds new houses for workers. The homes are made available to employees through a finance plan with low-interest loans. As part of the company's policy, the houses or apartments are built in different parts of Antofagasta in order to avoid the creation of a "miners' ghetto" and to promote the natural integration of company employees in the community.



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### *Copiapo, Tierra Amarilla and Caldera, Chile Housing Supplier: Employer (Candelaria)*

Candelaria is considered a medium-sized mining operation. The open pit gold and silver mine is located approximately 140 kilometers from Copiapo, a city of approximately 130,000 people. Copiapo, along with Tierra Amarilla and Caldera, (approximately 13,000 people each) are the main places of residence for the workers of the mine.

The Candelaria mine does not use worker camps, preferring to have employees return home after each shift. The company has built homes for its executives. For other supervisors and workers, the company has a housing assistance plan that helps these employees find housing solutions in the region. Under the plan, which has housed approximately 60% of workers, supervisors and workers are able to choose their own housing in the region. There is resentment among workers that the company has not built housing complexes for the employees as they have for the executives.

### *Voisey's Bay Nickel Mine, Newfoundland and Labrador Housing Supplier: Employer and Nearby Community*

The Voisey's Bay Nickel Mine, initiated in the mid-1990s, is an example of a FIFO operation. The company has built an accommodation complex at the mine site with a capacity to house 255 people who typically work on two-week rotations. Their workforce is drawn from numerous communities and they have designated pick up points from which the company provides air travel to the mine site. They provide some travel support to employees whose residence is not in Labrador.

### *Pilbara Region, Australia Housing Supplier: Various*

Hamersley Iron, part of the Rio Tinto Group, built three towns in the mineral-rich Pilbara region of Australia between 1966 and 1971. In the early 1980s a process of "normalization" was undertaken to transfer responsibility for the provision of services from the company to local government authorities.

Currently, there is a housing shortfall and a study is underway to assess options for easing the shortage. The accommodation shortfall in one town will be met by a combination of new houses, an accommodation camp and FIFO operation. Pilbara Iron, working on behalf of Hamersley Iron, is building a new residential subdivision to help alleviate the housing shortage. The homes have been designed to respond to the demographics of the incoming workforce - larger families, singles and professional couples. Pilbara Iron offers its employees residential allowances depending on the communities in which they live. Commute allowances for FIFO employees based at particular locations are also provided.

## ***OIL AND GAS COMMUNITIES***

Given the volatile boom and bust nature of the energy sector, oil and gas companies tend to be reluctant to make long term investments in community infrastructure. When the sector is booming, towns like Fort McMurray, Alberta and Pinedale, Wyoming are challenged to find innovative ways to meet the demand for affordable and appropriate housing.



## *Pinedale, Wyoming*

### *Housing Supplier: Various*

The small community of Pinedale, Wyoming with a population of 1,600 residents is reaping benefits from the booming gas industry, which paid \$US320 million in taxes to local governments, schools and the state in 2005. The town is also feeling some of the negative effects arising from the influx of industry workers, including a housing shortage.

Employer-based responses to the housing shortage include the construction of two “man-camps” that will accommodate more than 1,000 workers. Companies also rent local motels to provide accommodation for workers. For example, one employer is intending to guarantee rental of a new 100-room hotel for five years. The result for the community is less tourism accommodation for a town that has historically been a stop-over place for travellers on the way to Yellowstone National Park.

Market responses to the housing shortage include the purchase of RVs by employees who prefer not to live in a camp. Armed with a per diem for temporary workers, employees seeking out their own housing will purchase an RV and park it in one of the several new RV parks that have sprung up recently in response to demand.

A survey of 500 people in the industry revealed that most workers have families and homes elsewhere, are accustomed to being flown into places of work and staying in temporary accommodation. Nevertheless, the community recognizes the disadvantages of a temporary workforce and would like to see more stability, including a long term workforce living in more permanent housing. The industry tends to be reluctant to make long term investments given the fragile boom and bust nature of the energy sector.

Pinedale is part of a task force that is advising the Bureau of Land Management on the socio-economic implications of the energy sector in the region. A person has been hired to staff the task force whose role includes analysis of demographics and the temporary worker phenomenon. This work supports the community in its decisions about how best to enable housing to be provided. An affordable housing conference, held in March 2006, brought together developers, industry and local government to address the issues of housing and community stability. The conference resulted in suggestions to:

- provide subsidies to the buyer and/or developer;
- expand existing housing programs that assist first-time low-income buyers through down payment loans and low-interest rates, in particular by increasing the purchase price limit to reflect increasing house prices; and
- initiate collaborative efforts between the town, county, developers and property owners that would support higher density developments without requiring subsidies.

The participants agreed that forming a housing trust would be their next step, followed by research and education related to the provision of entry-level housing.



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## *Fort McMurray, Alberta*

### *Housing Supplier: Various*

Fort McMurray is a town of just over 60,000 residents in northern Alberta. It has been transformed as a result of the massive growing oil sands industry located nearby. Housing is a critical issue for the community and as the housing shortage is not likely to ease soon. The vacancy rate stands near zero and planned expansion of the oil sands operations is predicted to generate 4,000 construction jobs and 300 permanent jobs. To exacerbate matters, land is at a premium. The land in and around Fort McMurray is not flat, is subject to environmental constraints and has areas of muskeg that are not developable. In addition, most land is provincially-managed Crown land that has to be released by the government. In July 2005, the government announced the release of 1,000 acres of Crown land. There is significant competition for this land. Aside from housing there is a need for land for roads, continuing care facilities, a hospital, an RCMP facility, water and waste water treatment needs.

There have been a number of responses to the housing shortage in Fort McMurray. Market responses include the use of RVs as year-round residences in campgrounds. The Wood Buffalo Regional Municipality is currently determining how best to legislate the campgrounds providing this service.

With respect to non-market responses, basement suites are permitted by the regional municipality as a discretionary use in single detached and semi-detached housing areas. They are supported and recognized as a cheaper and faster way to provide housing; however, restrictive parking requirements limit the number of legal units. Two parking spaces are required for every single detached home and an additional parking spot is needed for every bedroom in a basement suite. Very high rates of vehicle ownership in the community have led to these restrictive parking requirements.

A regional municipality zoning bylaw is currently under consideration by the Council. The bylaw proposes the creation of a site specific "project accommodation" land use zone that would allow companies to set up short term accommodation (e.g., motel, ATCO trailers) within Fort McMurray's urban service boundary. The accommodation facilities would be located at the companies' work sites within the city and would be dismantled as soon as the construction projects were complete. There has been significant public opinion against the bylaw. On February 28, 2006, Council deferred the bylaw to another public hearing on March 14, 2006, after which time the bylaw was passed with amendments that capped the number of people who can be accommodated on a site at 300 and require a review of the bylaw after three years.

The Wood Buffalo Housing and Development Corporation (WBHDC), in conjunction with the Chamber of Commerce, has developed a program of affordable home ownership for employees of small businesses. The expected outcomes include a reduced monthly payment for new owners that is not subject to rental market increases, and greater opportunity for a long-lasting relationship between employers and their staff. In the program, the employer pays the down payment, which can be used by the employee to secure the first mortgage on his/her account. The employer may choose to arrange repayment or a term of service contract with the employee in regard to the down payment. The WBHDC provides the second mortgage equal to approximately 39% of



the total price. The second mortgage is repayable at an interest rate that varies with income starting at a low of 0% for an income range of \$55,000 to \$64,999.

Employer responses to the housing shortage include the provision of accommodation in worker camps located near the oil sands site. One estimate places the number of people accommodated in rural work camps at 10,000. Signing bonuses are offered as incentives to new employees, and living out allowances are provided for employees living in Fort McMurray with permanent residences elsewhere. The municipality is also implementing ways to help its employees obtain suitable housing. They provide one-time grants of \$5,000 to help with first month rental and damage deposits. They are also reported to be purchasing 20 units of housing to accommodate new employees on their arrival in Fort McMurray for a limited time period.

### **FORESTRY-LOGGING COMMUNITIES**

British Columbia has seen a notable decline in employment numbers in the forestry sector in the past 10 to 15 years. Communities once thriving due to the logging industry are today seeing the out-migration of families, accompanied by declining property prices. During the peak period of economic growth in communities such as Terrace, Ocean Falls, Port Alice, and Gold River, larger employers traditionally provided some financial assistance for managers and other key personnel.

### **RESORT COMMUNITIES**

Discussion of resort communities is included in this briefing note because there are several similarities between resort and resource communities. These include:

- remoteness from larger urban centres;
- seasonal fluctuations in employment;
- a significant proportion of the workforce who have a permanent residence elsewhere; and
- a pattern of rapidly expanding/contracting local economies.

*Whistler*, located 120 km north of Vancouver, is an internationally recognized four-season resort community. The permanent population increased from 595 in 1976 to 9,775 in 2005. Suitable, affordable housing continues to be a major concern for the permanent workforce and temporary staff.

The Resort Municipality of Whistler (RMOW) has worked aggressively to provide affordable housing for residents and employees. This includes: creation of the Whistler Housing Authority (WHA), zoning amendments to allow for a variety of housing types, and a requirement for detached homes to have a “secondary caretaker suite”.

The Commercial Linkage Program has been the most successful initiative. This program requires commercial or tourist related developments to provide employee housing. This “Employee Service Charge By-Law” requires developers to provide “employee units” based upon the size of the development. The developer has the option to provide employee housing directly on site, in an alternative location, or by making a payment-in-lieu. The by-law has been successful at generating significant revenue for the Housing Fund, which in turn is used by the WHA to build employee-restricted units.



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*Telluride Colorado* is an isolated mining town turned tourist resort, with skiing in the winter and cultural festivals in the summer and fall. The permanent population of the town is around 2,000 people. The average single detached home exceeds \$700,000 USD, making the provision of affordable housing for local residents and key workers an important goal.

Telluride and the San Miguel County Regional Housing Authority have created more than 1,000 units for rental and private ownership. The affordable housing program has largely been successful due to incentive, requirement and fee-based programs. The Town also has a land base that it uses for affordable housing. Deed restrictions are used to ensure that the local housing supply continues to provide housing for local residents and employees rather than the second home owner.

A housing linkage program (referred to locally as mitigation measures) has been successful at securing affordable housing units from commercial and tourist development. New developments must provide affordable housing for 40% of new employees generated by the development, either on site, off site, via the donation of land of equivalent value, or through a cash-in-lieu option.

*Aspen Colorado*, a former mining town, turned renowned ski resort, is a small town with a population of 5,500 permanent residents. The challenge has been to strike a balance between Aspen the resort and Aspen the community.

The Town of Aspen works with the Aspen/Pitkin County Housing Authority to provide deed-restricted resident and employee housing. There is a wide range of housing for employees, including mobile home parks, multifamily, duplexes and single detached homes. The sale of housing is prioritized to permanent, year-round residents of five or more years of continuous residency. Rental affordable housing is restricted to locally employed people. Among the Town's most successful initiatives are: a real estate transfer tax, a commercial and residential linkage program, and an accessory dwelling unit program.

*Placer County California* stretches from Sacramento to the Lake Tahoe area. Traditionally an extensive area of mining, the area's economy is now a combination of ranching, tourism and second home ownership. The housing program is overseen by the County Redevelopment Agency. The agency's affordable housing program is branded as the "workforce housing program" in light of NIMBY concerns. Some of Placer County's most successful initiatives include: low-interest loans to developers of affordable housing (funded through incremental tax program); transfer of development rights with a percentage for workforce housing; and an inclusionary housing ordinance requires residential developments greater than 100 units in size to allocate 10-15% of units as workforce units.

## ***OTHER COMMUNITIES AND HOUSING STRATEGIES***

Initiatives in other communities reveal alternate housing strategies. Innovative thinking on the part of two Alberta companies offers a quick and affordable market response to housing demand. New Orleans is facing a housing shortage that threatens the city's chances for regeneration. Responses to the situation in New Orleans provide insights



into possibilities for the rapid provision of housing. Cities in the US, Canada and Scotland are establishing land banks as a way to provide for future housing needs.

### *Calgary, Alberta and Region Housing Supplier: Market*

Two companies located south of Calgary offer an affordable and potentially quick way to provide housing. These home-moving companies buy homes that are slated for demolition or no longer in use, refurbish them and move them to a new site. One company purchased virtually an entire town, moving 18 homes from the former company town site of Seebe, Alberta. Still maintained by the company but no longer serving to house employees, the company wished to divest itself of the homes.

Many of the homes that the companies relocate appeal to retirees, first-time home buyers and companies for staff housing. Some are used to develop resort communities. Destinations for the houses include locations in Alberta, other Canadian provinces with the exception of British Columbia, and US locations such as Montana. Prices vary according to size, time and distance to move. One sample estimate indicated that a 2-bedroom starter home, approximately 900 sf. in area could be moved and placed on a foundation within a 100-mile radius for \$35,000. The approximate cost to move a two or three bedroom bungalow from Stavelly, Alberta to Fort St. John, BC was estimated to be \$50,000. Distance appears not to be an obstacle to moving houses; however, regulatory environments do. British Columbia has restrictive height and width limits for highway loads that preclude the two Alberta companies contacted from working in British Columbia.

### *New Orleans, Louisiana Housing Supplier: Various*

New Orleans's severe housing shortage in the aftermath of the 2005 hurricane Katrina reveals possible approaches to the rapid provision of housing for homeless employees. Finding housing for workers in New Orleans has been identified as the single most critical issue to the region's rebirth as of March, 2006. Businesses remain closed or function at a fraction of their usual staff because there is no place for workers to live. Even signing bonuses and inflated wages are insufficient incentive to lure employees back to the city in the face of no housing.

The Federal Emergency Management Agency (FEMA) is offering a non-market response to the housing shortage through its trailer program. However, the organization continues to come under fire because of its inability to provide sufficient trailers rapidly enough. According to the Times-Picayune, by October 2005 FEMA had delivered 2,298 trailers to businesses in the disaster zone, housed 1,852 families in travel trailers in a region where 100,000 families were in need, and had opened one large trailer community 80 miles from New Orleans.

Frustration with the government response has led to privatized employer-based solutions. One major shipyard, Northrop Grumman Corp., had the resources to erect "Camp Katrina", a collection of temporary buildings with bunk rooms, TV lounges and laundry facilities. Along with the co-operation of the Navy, which provided a barge equipped with living accommodation for 500, the company was able to accommodate



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almost 900 workers. Smaller businesses are partnering to set up trailer communities under FEMA's program and requesting small trailer settlements close to places of work and home so employees can get to their jobs and rebuild their homes at the same time. Some private land owners have "loaned" land for temporary housing.

Larger businesses are renting entire apartment buildings, outfitting them with furnishings, bedding and supplies and renting them to their employees. Some employers are providing housing subsidies to enable employees to pay the high rents, at least until more permanent housing is secured. RVs, tents and trailers are also part of the short-term housing solution.

Employers have also provided transportation subsidies to attract workers whose permanent home is elsewhere. Some companies are flying workers from other out-of-state branches, accommodating them in hotels, and then transporting them by van to the local branch offices they are trying to keep open.

### *Tumbler Ridge, British Columbia* *Mechanism: Pre-planning in Policy and Design*

The development of Tumbler Ridge in Northeast BC was a different approach to new resource towns – through a public-private partnership. In the early 1980s, a consortium led by Dennison Mines and Teck Corporation, together with the provincial government, planned the development of this new community. The firms guaranteed the mining and export of up to 100 million tonnes of coal destined for Japan. In return, the Province was responsible for town planning and development, including a highway, a rail line, a power line and a deepwater terminal at Prince Rupert. Infrastructure funding came from both the federal and provincial governments. In return, property taxes from the coal industry were designated to repay loans for urban infrastructure.

From the earliest planning for Tumbler Ridge, the intention was to make a community independent from both the Province and the coal companies. One town site was chosen to prevent the creation of smaller, disparate worker-camp settlements that catered to single workers.

Tumbler Ridge was a mixed model of development, which ensured that the community had a functioning property market where both home owners and land owners had a stake in property values and the community. This situation was intended to generate greater attachment to the community and avoid a "company town" model.

### **CONCLUDING REMARKS**

Innovative home ownership programs, zoning for temporary worker housing, affordable housing land banks and town moving services are some of the strategies that have been employed to meet housing shortages in resource/resort towns and cities. British Columbia's Northeast communities can maximize the positive benefits from the oil and gas sector by learning from the housing experiences of other towns and cities and using innovative thinking to build stability and a high quality of life for residents and their families.

