# ATLANTIC INSTITUTION

# SOCIO-ECONOMIC IMPACT STUDY

## INTERIM REPORT



The DPA Group Inc.

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Prepared for:

Correctional Service Canada

Prepared by:

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# 1.0 INTRODUCTION

## 1.1 Background

This report presents an assessment of potential social and economic effects, related to the construction and operation of the Atlantic Institution located at Renous, New Brunswick.

The Atlantic Institution is a federal maximum security penetentiary currently under construction at Renous, approximately 25 kilometres south east of Newcastle. The institution is designed for an inmate population of 330 in a Protective Custody Unit and a Special Handling Unit. Presently, the anticipated arrival date of the first protective custody inmate is scheduled for July 1986. Once in operation, the institution will employ approximately 360 persons.

## 1.2 Methodology and Approach

A socio-economic impact assessment (SIA) is undertaken in order to determine the range and scope of the potential effects of a proposed action which is external to a community or regional context. It is generally assumed that the external action will alter the established stability or general pattern of development in the region. The alteration may be either positive or negative and the effect of absolute costs and benefits is highly dependent upon the region's maturity, level of sophistication of development, goals, attitudes and values.

The primary concern of SIA is the evaluation of the effect of the alteration imposed upon an Impact Region's functions (i.e. physical linkages, economic interdependencies, organizational structures, government services, and human systems).

The evaluation generally involves the following:

- defining the existing characteristics of a region;
- identifying likely perturbations to the social setting and economic system due to the proposed intervention;
- determining the nature, magnitude and duration of effects;
- ascertaining predicted cause and effect relationships with regard to the social and economic system;
- developing mitigative measures to eliminate or reduce to the fullest extent possible, the impacts on the system; and
- optimizing the opportunities for acceptable levels of growth resulting from positive pressures.

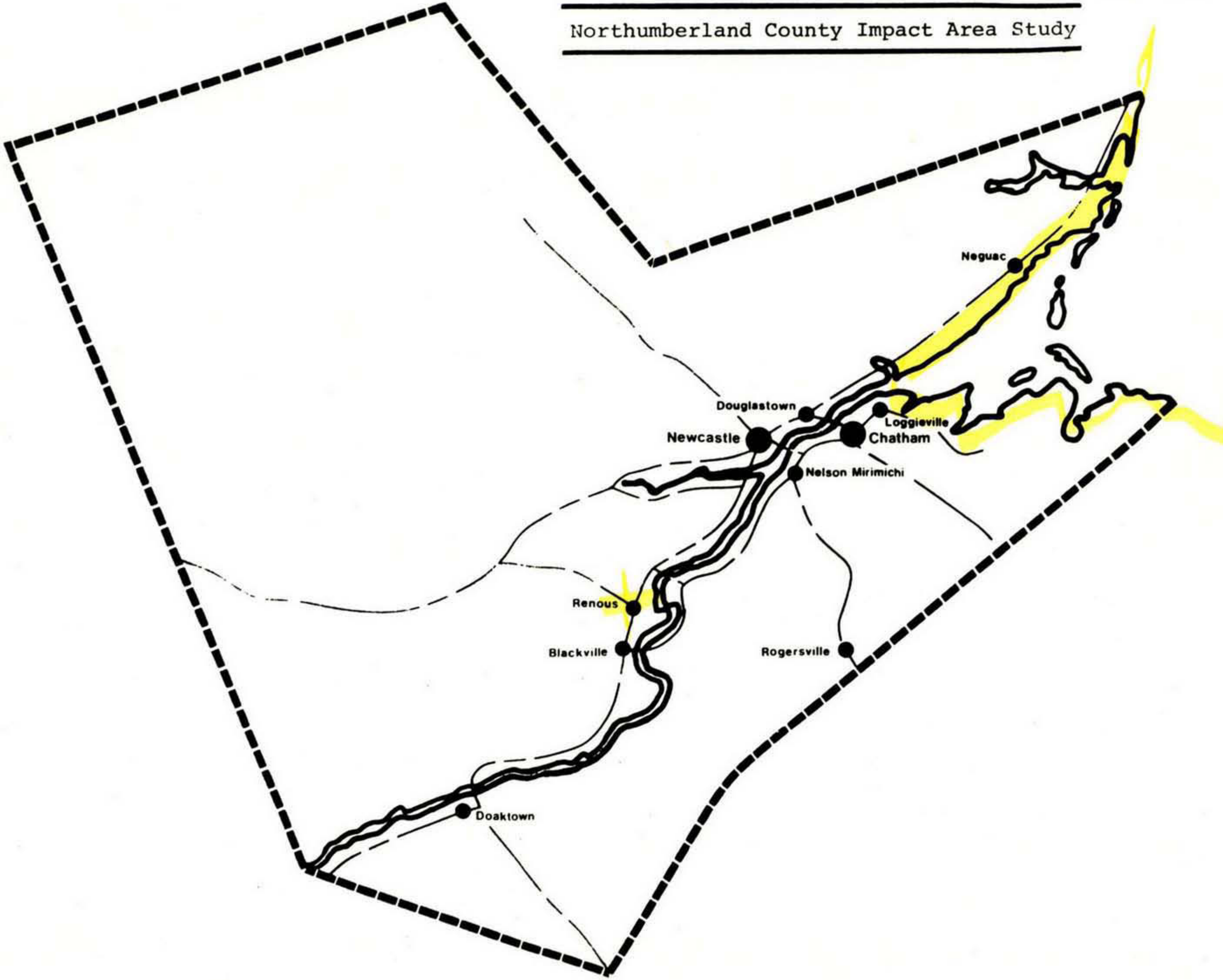
In the development of a framework to guide the SIA for the Atlantic Institution, the Project Team has selected Northumberland County (see Figure 1) as the impact region primarily due to the availability of a wide range of socio-economic indicators for the region. In addition, interviews were carried out with local community leaders, representatives and key persons in senior governments involved in the project. This information has provided substantial insight into the determination of the probable geographic limits of the impact region, elaboration of issues, and the identification of important socio-economic indicators.

## 1.3 Planning Context

In socio-economic impact assessment it is as important to develop an understanding of the likely future development of the impact region were the project under consideration not to be implemented, as it is to determine the likely effects

FIGURE 1

Northumberland County Impact Area Study



of the project. This is because it is essential to determine the <u>incremental</u> effects due to the project itself.

Normally, the former entails forecasting population growth and the consequent need for land, services and facilities even if the project were not to go ahead. It also involves an assessment of the likely effects of other planned projects of a major nature which could have an impact on the socio-economic structure of the impact region.

In the context of Northumberland County in general, and the Newcastle/Chatham area in particular, the above described exercise is complicated by the politicization of economic development in the region due to an excessively high unemployment rate and compounded by the uncertainty surrounding the eventual role of Canadian Forces Base (CFB) Chatham. Several options were considered for the base following the phase out of 416 squadron. However, recently it was decided that the major role for the base would include a low level air defense command.

The economy of the area is closely linked to the forest products and minerals industries - both of which are subject to cyclical boom and bust periods. Current slack demand for lumber/paper and reduced mineral prices have resulted in layoffs at several local mills and mines.

It is therefore reasonable to assume that much of the local economy's facilities (manufacturing plants, mills, retail outlets, etc.) are operating significantly below capacity.

This fact has important implications for assessing impacts as it would be logical to conclude that an injection of new activity can be easily absorbed.

## 1.4 Project Description

This section presents a brief description of the characteristics of the proposed institution from a socio-economic perspective. The impacts generated during the construction and operation phases of the project are quite different due to the relatively short term intensive nature of the former and the more stable longterm nature of the latter. The important aspects of each phase are described in point form below:

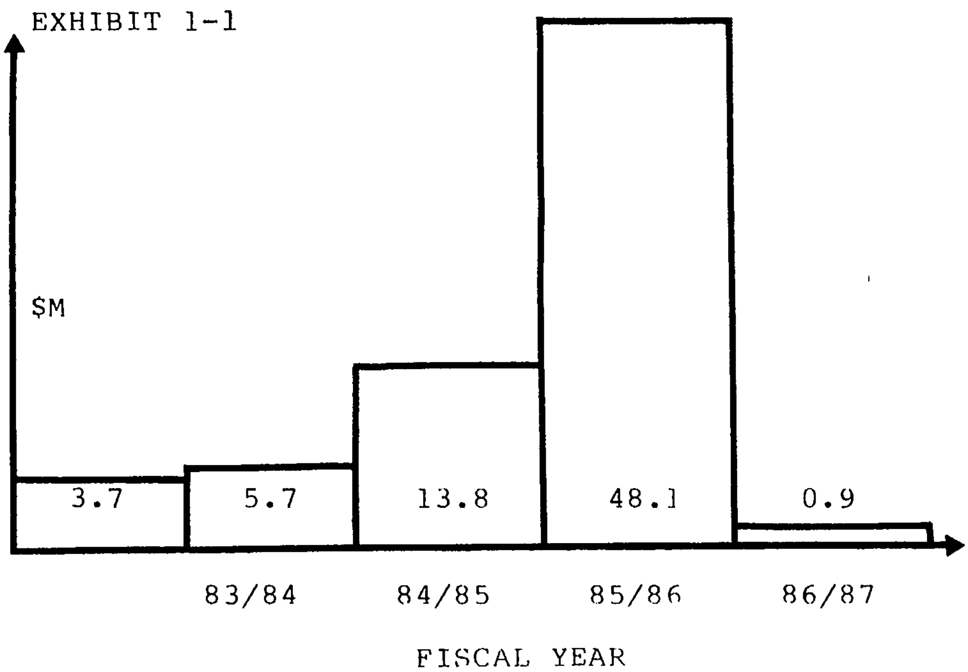
### 1.4.1 Construction Phase

- total project cost: $73.3 million ($1984) broken down as follows:

| | |
|---|---|
| materials and equipment | 37.5 |
| construction labour | 27.0 |
| design, management, contingencies | 8.8 |
| Total | 73.3 |

- estimated cash flow projections are shown in Exhibit 1.1

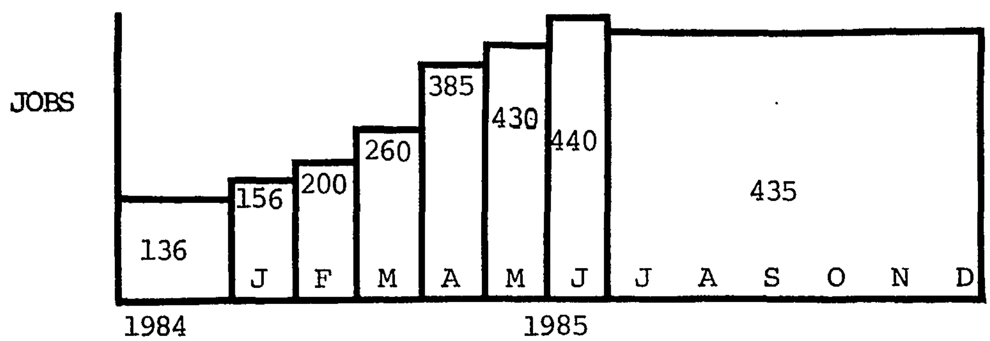
EXHIBIT 1-1



- broad estimates for construction labour force requirements indicate a potential for 1000 person years spread over the project cycle. Based on average weekly wage of approximately $500/week including salary burden.

- construction labour force buildup is estimated as shown at Exhibit 1-2.

EXHIBIT 1-2




- major milestones of the commissioning plan are as follows:

PCU

- March 86 interim completion of PCU
- April/May 86 testing and final inspection
- May/June 86 major staff arrival
- June 86 simulation exercises
- July 86 inmate arrival

SHU

- May/June 86 testing and final inspection
- July 86 handover to CSC
- Aug/Sept 86 simulation
- Oct 86 inmate arrival

### 1.4.2 Operation Phase

Staff Establishment

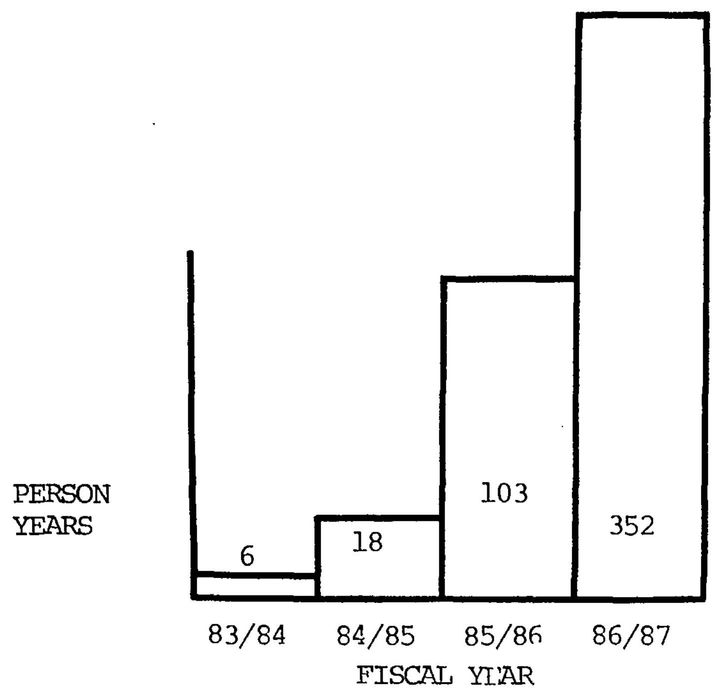
Approximately 357 * positions: 270 P.C.U.
87 S.H.U.

* Further analysis underway on total establishment.

<u>Breakdown by Broad Occupational Groups:</u>

- 2 Management
- 38 Clerical (Stenos, Clerks, Secretaries)
- 9 Nurses
- 211 Correctional Officers
- 10 Divisional Managers
- 20 Maintenance Staff: electricians, plumbers, carpenters, etc.
- 20 Generalists: driver, storeman, warehouseman
- 24 Instructors: cooks, industrial instructors, vocational instructors, teachers, librarian
- 24 Social Service Professionals: psychologists, case managers, parole officers.

Staff build will be as indicated in Exhibit 1-3.




- total approximate annual payroll $12.9 million
- approximate annual operation and maintenance expenditures of 5.5 million
- major O & M expenditures as follows:
  - food $696,700
  - services $377,500
  - materials $9,200
  - maintenance $1.3 million.

# 2.0 SOCIO-ECONOMIC CONTEXT

## 2.1 Introduction

This chapter presents an overview of the socio-economic context within the Northumberland County Impact Region and the Newcastle-Chatham Impact Area. Figure 2-1 delineates the boundaries of each impact area. The Chapter presents an analysis of several key socio-economic indicators between 1971 and 1981, including:

- population;
- labour force;
- employment; and
- income.

In addition to an examination of past trends, a population forecast is presented for Northumberland County to the year 2001.

## 2.2 Historical and Projected Population

### Historical Population

Exhibit 2-1 describes the historical population of Northumberland County, and the major towns for the 1971-1981 period. Between 1976 and 1981 the population of the Town of Newcastle and Chatham declined by 2.2%. Northumberland County as a whole, increased by 0.4%. Exhibit 2-1 emphasizes the nature of the Northumberland County population. The majority of the population live, not in the urban centres, but in the rural parishes and semi-urban areas.

Exhibit 2-1 also indicates that population growth slowed down between 1976 and 1981 compared to the previous five year period (1971-1976). In addition, the distribution of growth within the county has been substantially different between the urban and rural areas. The Newcastle/Chatham area experienced a 8.6% decline in population between 1971 and 1981, compared to a 10.2% increase for the remainder of the region.

EXHIBIT 2-1: HISTORICAL POPULATION BY AREA, NORTHUMBERLAND COUNTY 1976 - 1981

| Location | 1971 | 1976 | 1981 | 1971-1981 % Change | 1976-1981 % Change |
|---|---|---|---|---|---|
| Newcastle | 6,460 | 6,423 | 6,284 | -2.7 | -2.2 |
| Chatham | 7,833 | 7,601 | 6,779 | -13.5 | -10.8 |
| Douglastown | 637 | 1,032 | 1,091 | 71.3 | 5.7 |
| Remainder of the Region | 36,631 | 38,839 | 39,976 | 9.1 | 2.9 |
| Northumberland County | 51,561 | 53,895 | 54,130 | 5.0 | 0.4 |

Source: Statistics Canada, Census of Canada, 1971, 1976, 1981.

## Population By Age Group

The distribution of the Northumberland County population is presented in Exhibit 2-2. It is apparent that the population is aging over time. In 1971, the 0 - 19 age group accounted for 47.4% of the total population compared to 39.0% in 1981. In comparison the 65+ age group increased from 7.5% of total population in 1971 to 9.4% in 1981.

The overall decline in the Newcastle-Chatham population, affected most age groups between 1971 and 1981. The largest decrease was experienced by the 5-9 age group which declined by 37.8%. In contrast, the 65+ age group underwent the largest increase (45.4%), growing from 980 persons in 1971 to 1,425 persons in 1981.

EXHIBIT 2-2: POPULATION BY AGE GROUP, IMPACT AREAS, 1971-1981

| Age Group Impact Area | 1971 | % | 1976 | % | 1981 | % | % Change 1971-1981 |
|---|---|---|---|---|---|---|---|
| Northumberland County | 51,560 | 100.0 | 53,895 | 100.0 | 54,134 | 100.0 | 5.0 |
| 0-4 | 5,330 | 10.3 | 5,175 | 9.6 | 4,440 | 8.2 | -16.7 |
| 5-9 | 6,510 | 12.6 | 5,505 | 10.2 | 5,240 | 9.7 | -19.5 |
| 10-14 | 6,640 | 12.9 | 6,535 | 12.1 | 5,435 | 10.0 | -18.1 |
| 15-19 | 5,960 | 11.6 | 6,310 | 11.7 | 6,010 | 11.1 | 0.8 |
| 20-24 | 4,265 | 8.3 | 4,740 | 8.8 | 4,775 | 8.8 | 12.0 |
| 25-34 | 5,780 | 11.2 | 7,235 | 13.4 | 8,535 | 15.8 | 47.7 |
| 35-44 | 5,030 | 9.8 | 5,425 | 10.1 | 5,640 | 10.4 | 12.1 |
| 45-54 | 4,455 | 8.6 | 4,540 | 8.4 | 4,735 | 8.7 | 6.3 |
| 55-64 | 3,720 | 7.2 | 4,120 | 7.6 | 4,235 | 7.8 | 13.8 |
| 65 + | 3,865 | 7.5 | 4,305 | 8.0 | 5,070 | 9.4 | 31.2 |
| Newcastle-Chatham | 14,295 | 100.0 | 14,025 | 100.0 | 13,060 | 100.0 | -8.6 |
| 0-4 | 1,460 | 10.2 | 1,205 | 8.6 | 980 | 7.5 | -32.9 |
| 5-9 | 1,720 | 12.0 | 1,325 | 9.4 | 1,070 | 8.2 | -37.8 |
| 10-14 | 1,700 | 11.9 | 1,625 | 11.6 | 1,210 | 9.3 | -28.8 |
| 15-19 | 1,520 | 10.6 | 1,640 | 11.7 | 1,420 | 10.9 | -6.6 |
| 20-24 | 1,355 | 9.5 | 1,280 | 9.1 | 1,275 | 9.8 | -5.9 |
| 25-34 | 1,905 | 13.3 | 1,975 | 14.1 | 2,050 | 15.7 | 7.6 |
| 35-44 | 1,485 | 10.4 | 1,630 | 11.6 | 1,435 | 11.0 | -3.4 |
| 45-54 | 1,165 | 8.1 | 1,115 | 8.0 | 1,140 | 8.7 | -2.1 |
| 55-64 | 1,005 | 7.0 | 1,085 | 7.7 | 1,050 | 8.0 | 4.5 |
| 65 + | 980 | 6.9 | 1,145 | 8.2 | 1,425 | 10.9 | 45.4 |

Source: Statistics Canada, Census of Canada, 1971, 1976 and 1981

## Forecast Methodolgy

A cohort-survival methodology using a systems dynamics model was used to project population for Northumberland County. This model applies fertility, survival and migration rates to a base year population on a quarterly basis.

A critical problem encountered in developing projections at the County level is the limited data available on migration rates. Thus, several scenarios were developed for Northumberland County: low migration, high migration and a base case migration scenario. This latter scenario represents present conditions, while the low migration (i.e., continued high outmigration) projection reflects more depressed economic conditions (principally the closing of CFB Chatham and a more stagnant economy). The high migration scenario, which acts to increase population, is viewed as reflecting a more optimistic economic outlook for the region.

The data sources used in the model are summarized below:

| Data | Source | Year |
|---|---|---|
| Population by Age and Sex | Census of Canada-Selected Population Statistics | 1981 |
| Fertility Rates by Age | Census of Canada-Vital Statistics | 1981 |
| Survival Rates by Age and Sex | Census of Canda-Vital Statistics | 1981 |
| Migration Rates by Age | New Brunswick Dept. of Finance Statistical Division | 1976-1981 |

## Population Forecasts

Three population forecast scenarios, based on differing migration rates, were run for Northumberland County. The forecast results are summarized in Exhibit 2-3.

EXHIBIT 2-3: FUTURE POPULATION SCENARIOS 1981-2001, NORTHUMBERLAND COUNTY

| Scenario | 1981 | 1986 | 1991 | 1996 | 2001 |
|---|---|---|---|---|---|
| Base Case | 54130 | 54017 | 53781 | 53308 | 52547 |
| Low Migration Continues | 54130 | 53140 | 51888 | 50412 | 48691 |
| High Migration | 54130 | 54571 | 54989 | 55183 | 55079 |

Source: Statistics Canada, Census of Canada; and The DPA Group Inc.

In both the Base Case and the Low Migration (i.e. continued out-migration) scenarios the population will decline. Employing the High Migration Scenario results in a marginal increase of approximately 1,100 persons over twenty years.

## 2.3 Labour Force Characteristics

### Employment by Industry Division

Total employment in the county increased by 47.7% between 1971 and 1981 as shown in Exhibit 2-5. The growth was lead by employment gains in the Finance, Insurance and Real Estate (109.3%) and Community Business and Personal Service (78,3%) sectors. Similar trends are exhibited at the provincial level reflecting the overall growth of the service sector in the Canadian economy over the past decade. The above mentioned divisions accounted for approximately 37% of the county's employment and indicates the service centre role of the Chatham/Newcastle area. Primary industries, manufacturing and construction all increased by at least 30% indicating continued strength in these sectors

- contrary to most other regions of the province. It should be noted that the exhibit includes unemployed persons listed in their last division of activity.

## Labour Force Activity

The total number of persons in the labour force increased by 27.4% over the period 1971-1981 as shown in Exhibit 2-6. During the same period, the number of employed increased by 12.6%. However, most of this growth occurred during the 1971-1976 period, as an increase of only 400 persons or 2.6% was registered during the 1976-1981 period. The total number of unemployed persons has been increasing dramatically and steadily to the point where the county's unemployment rate in 1981 was 21.4%, substantially higher than the provincial averge of 13.0% at that time. The participation rate, a measure of the desire to enter the work force and seek employment, has increased only slightly, to 50.7% in 1981, as compared to the provincial average of 58.2% in 1981. This low participation rate can be considered to indicate a lack of employment opportunities in the region.

## Income

Income levels for the county and the Towns of Chatham and Newcastle are shown in Exhibit 2-7. Average incomes for the province are also indicated for comparative purposes. The county as a whole has lower income levels than the province in all categories. The Town of Newcastle leads the county by a wide margin and also exceeds the province in several categories, most notably for males over 15 who worked. The Town of Chatham also leads the county but parallels the province closely.

EXHIBIT 2-5: EMPLOYMENT BY INDUSTRY DIVISION, NORTHUMBERLAND COUNTY 1971-1981

| Industry Division | 1971 | 1981 | Difference 1971-1981 | % Change 1971-1981 |
|---|---|---|---|---|
| Agriculture | 145 | | | |
| Forestry | 1,195 | | | |
| Fishing and Trapping | 310 | 2,835 | 690 | 32.2 |
| Mining | 495 | | | |
| Manufacturing | 1,975 | 2,775 | 800 | 40.5 |
| Construction | 1,125 | 1,515 | 390 | 34.7 |
| Transportation, Communication and Other Utilties | 1,030 | 915 | -115 | -11.2 |
| Trade | 1,810 | 3,155 | 1,345 | 74.3 |
| Finance, Insurance and Real Estate | 215 | 450 | 235 | 109.3 |
| Community Business and Personal Service | 2,605 | 4,645 | 2,040 | 78.3 |
| Public Administration and Defence | 2,240 | 2,670 | 430 | 19.2 |
| Industry Not Specified or Undefined | 155 | 680 | 525 | 338.7 |
| TOTAL | 13,295 | 19,635 | 6,000 | 47.7 |

Source: Statistics Canada, Census of Canada, 1971 and 1981

EXHIBIT 2-6: LABOUR FORCE, NORTHUMBERLAND COUNTY, 1971-1981

| Labour Force Activity | 1971 | 1976 | 1981 | Difference 1971-1981 | % Change 1971-1981 |
|---|---|---|---|---|---|
| Population 15 + | 33,080 | 36,680 | 38,720 | 5,640 | 17.0 |
| Labour Force | 15,410 | 17,590 | 19,630 | 4,220 | 27.4 |
| Employed | 13,700 | 15,020 | 15,420 | 1,720 | 12.6 |
| Unemployed | 1,710 | 2,570 | 4,205 | 2,495 | 145.9 |
| Participation Rate | 46.6 | 48.0 | 50.7 | 4.1 | |
| Unemployment Rate | 11.1 | 14.6 | 21.4 | 10.3 | |

Source: Statistics Canada, Census of Canada, 1971, 1976 and 1981

EXHIBIT 2-7: INCOME ($ 1980)

| | New Brunswick | Northumberland County | Newcastle Town | Chatham Town |
|---|---|---|---|---|
| **Total Income** | | | | |
| Males Over 15 with Income | | | | |
| Average Income | 13,406 | 11,792 | 14,743 | 13,535 |
| Median Income | 11,533 | 9,992 | 12,881 | 13,330 |
| Females Over 15 with Income | | | | |
| Average Income | 6,749 | 5,896 | 6,507 | 7,058 |
| Median Income | 5,170 | 4,546 | 5,091 | 5,530 |
| **Employment Income** | | | | |
| Males Over 15 Who Worked | | | | |
| Average Income | 13,580 | 11,852 | 15,574 | 14,058 |
| Median Income | 12,573 | 10,524 | 15,127 | 14,602 |
| Females Over 15 Who Worked | | | | |
| Average Income | 6,968 | 6,150 | 6,820 | 6,874 |
| Median Income | 5,680 | 4,212 | 5,409 | 6,054 |
| **Family Income** | | | | |
| Average Income | 21,155 | 18,365 | 21,917 | 20,716 |
| Median Income | 18,916 | 16,219 | 19,672 | 18,916 |

Source: Statistics Canada, 1981. Census of Canada

## 3.0 SERVICES

This chapter presents an assessment of various services within Northumberland County, including:

1. Commercial Businesses;
2. Offices and Financial Services;
3. Community Services and Facilities; and
4. Commercial Accommodation.

The major objective of this section is to determine the "capacity" of these various facilities and the extent to which a population influx can be abosrbed. The assessment of each "service" determines the relative ability to absorb an incremental increase in population.

### 3.1 Commercial Business

A summary of an inventory of commercial businesses is included in Exhibit 3-1. There is a total of 1,325,520 square feet of commercial space within Northumberland County (386 businesses).

It is evident from the Exhibit that Northumberland County has a diverse commercial base. Newcastle's "service centre" role is emphasized by the presence of the majority of commercial accommodation, financial services and offfice space and businesses. Both Douglastown and Chatham complement the service base with an extensive number of retail establishments.

#### Capacity

An incremental increase in population can easily be served by the existing commercial base of the region. A recent study conducted by The DPA Group Inc. in Newcastle determined that the retail base was sufficient at present to service the county. In fact, the demand for new retail space over the next ten years (based upon the population forecast) is marginal. In addition, other commercial services are well developed.

EXHIBIT 3-1: COMMERCIAL FLOORSPACE AND BUSINESSES, NORTHUMBERLAND COUNTY, 1984

| Floorspace | Newcastle | Chatham | Douglas-town | Other | Total |
|---|---|---|---|---|---|
| Retail | 376,300 | 289,370 | 193,660 | 85,950 | 945,280 |
| Restaurants | 43,680 | 18,410 | 9,110 | 8,550 | 79,750 |
| Financial Services | 33,520 | 11,770 | 5,000 | 6,500 | 56,790 |
| Offices | 73,730 | 35,420 | 3,120 | 500 | 112,770 |
| Commercial Accommodations | 73,060 | 15,390 | 0 | 3,000 | 91,450 |
| Entertainment | 20,300 | 0 | 0 | 0 | 20,300 |
| Other | 13,620 | 5,560 | 0 | 0 | 19,180 |
| Total | 634,210 | 375,920 | 210,890 | 104,500 | 1,325,520 |
| **Businesses** | | | | | |
| Retail | 102 | 77 | 37 | 70 | 286 |
| Restaurants | 12 | 11 | 3 | 7 | 33 |
| Financial Services | 9 | 4 | 1 | 4 | 18 |
| Offices | 15 | 12 | 3 | 1 | 31 |
| Commercial Accommodations | 6 | 3 | 0 | 1 | 10 |
| Entertainment | 3 | 0 | 0 | 0 | 3 |
| Other | 4 | 1 | 0 | 0 | 5 |
| Total | 151 | 108 | 44 | 83 | 386 |

Source: Department of Municipal Affairs, Assessment Records, 1984

## 3.2 Offices

This section briefly assesses the demand for office space in Northumberland County, and Newcastle specifically. Exhibit 3-2 presents the inventory of office space by location for the following major types: major office buildings (10,000 + square feet); medium sized office buildings (3,000 - 10,0000 square feet); and small offices (less than 3,000 square feet).

EXHIBIT 3-2: OFFICE SPACE - NORTHUMBERLAND COUNTY, 1983 (SQUARE FEET)

| | TYPE | | | |
|---|---|---|---|---|
| Location | A | B | C | Total |
| Newcastle | 54,522 | 6,775 | 12,433 | 73,730 |
| Remainder of Region | -- | 24,107 | 14,933 | 39,040 |
| Total | 54,522 | 30,882 | 27,366 | 112,770 |

Note: A = Major (10000 square feet +)
B = Medium (5000 - 10000 square feet)
C = Minor (less than 5000)

Source: Department of Municipal Affairs, Assessment Branch, Assessment Records 1983

Of the total 54,522 square feet of Type A space, all is located within downtown Newcastle in three buildings. This represents 48.3 percent of total Northumberland County office space. Newcastle also has a fairly large number of Type C space: 12,433 sq. ft. In the Remainder of the Region there is not Type A space; 24,107 square feet of Type B, and 14,937 square feet of Type C.

Discussions with local individuals indicate that the vacancy rate among Type A space is very low. This was substantiated by a field visit. However, the vacancy rate among the smaller units (principally the second storey of downtown buildings) appears to be very high.

Office demand and supply is highly susceptible to speculation. A major stimulant of office demand is public sector tenants, whose requirements are difficult to predict. Office space suitable for public sector tenants is not readily available at the present time. The majority of the government buildings are fully occupied.

## 3.3 Community Services and Facilities

Exhibit 3-3 presents an overview of Community Services and facilities in Northumberland County. The following services and facilities are outlined:

1. Medical;
2. Education;
3. Professional;
4. Financial; and
5. Recreation, Social and Cultural.

It is evident that the County has an extensive array of both services and facilities. In addition, a new hospital is currently being planned for the Miramichi (200 beds) which will replace both existing facilities.

EXHIBIT 3-3: COMMUNITY SERVICES AND FACILITIES, NORTHUMBERLAND COUNTY

| Service/Facility | Indicator |
|---|---|
| **Medical** | |
| Miramichi Hospital, Newcastle | 104 beds |
| Hotel Dieu Hospital, Chatham | 125 beds |
| Mount St. Joseph, Chatham (Extended Care Unit, Nursing Home) | 133 beds |
| Alcohol Treatment Centre, Newcastle | 12 beds |
| **Education** | |
| *Schools* | |
| Elementary | 21 |
| Junior High | 4 |
| High | 6 |
| Teachers | 580 |
| Student Enrollment | 10,500 |
| **Professional services** (firms) | |
| Accountants | 5 |
| Land Surveyors | 4 |
| Lawyers | 10 |
| Financial Institutions | 18 |
| **Recreation, Social & Cultural** | |
| Gymnasiums | 13 |
| Arenas | 4 |
| Outdoor Rinks | 15 |
| Baseball Diamonds | 36 |
| Track and Field Facilities | 4 |
| Tennis Courts | 10 |
| Bowling Alleys | 5 |
| Rifle Ranges | 3 |
| Curling Rinks | 4 |
| Participarks | 1 |
| Hiking Trails | 1 |
| Cross Country Ski Trails | 1 |
| Recreation Centres | 13 |
| Gliding Clubs | 1 |
| Equestrian Clubs | 1 |
| Horse Racing Track | 1 |
| Playgrounds | 13 |
| Flying Clubs | 1 |
| Golf Courses | 1 |
| Naturalist Clubs | 1 |
| Swimming Pools | 4 |

## 3.4 Commercial Accommodation

This section examines the capacity and historical utilization of hotel/motel facilities in Northumberland County. Commercial accommodation can be considered critical to any new population influx. These facilities can be used as interim accommodation and may also be required in the long term for use by visiting CSC staff. An assessment therefore, of the capacity of these facilities is warranted.

### 3.4.1 Inventory of Regional Facilities

An inventory of hotel/motel facilities is presented in Exhibit 3-4. The majority of units are located in Newcastle (216 units out of 296 regional units, or 73% of total available units). All of these units are year-round. the largest facility in the region is the Wandlyn Inn with 74 units. The Wharf Inn is the most recent addition to the accommodation stock, constructed in the late 1970's.

EXHIBIT 3-4: HOTEL/MOTEL FACILITIES - NORTHUMBERLAND COUNTY, 1983

| Location | Name | Units | Season |
|---|---|---|---|
| Newcastle | Wandlyn Inn | 74 | Y |
| Newcastle | Fundy Line Motel | 55 | Y |
| Newcastle | Wharf Inn | 49 | Y |
| Newcastle | Riverview Motel | 25 | Y |
| Newcastle | Kingsway Motel | 8 | Y |
| Newcastle | Castle Lodge | 5 | Y |
| Chatham | Morada Motel | 28 | Y |
| Chatham | Elda's Motel | 12 | Y |
| Chatham | Folynwood Motel | 6 | S |
| Other Northumberland | 6 Facilities | 34 | Y=14 |
| TOTAL REGION | | 296 | S=20 |

Source: New Brunswick Department of Tourism, New Brunswick Travel guide, 1983

Note: Y = year round; S = seasonal

### 3.4.2 Occupancy Rates

Exhibit 3-5 presents Department of Tourism information on occupany rates between 1979 and 1983. In addition, the exhibit summarizes the average number of rooms available during the Peak season (122 days from June to September), and Off-Peak season (243 days); the average number of roomnights available by season; and roomnights utilized. The exhibit illustrates a number of significant trends evident in the accommodation industry, which are discussed below.

As a result of the addition of the Wharf Inn in 1978, the average of number of rooms available increased from 221 in 1978 to 275 in 1983. Correspondingly, the roomnights available increased from a total of 80,764 in 1978 to 100,549 in 1983. Furthermore, the addition of the Wharf Inn probably created the increase in roomnight utilization between 1978 and 1979 (a +15.1% increase). Since 1979, however, roomnight utilization has stabilized at approximately 54,000 roomnights per annum. In effect, the addition of the Wharf Inn incrementally increased demand, not only supply.

Occupancy rates since 1978 have steadily declined, illustrating that the addition of a new facility while increasing roomnight utilization, also substantially increased roomnights available (approximately a 20,000 increase). It can also be argued that the Wharf Inn probably drew roomnights away from the less competitive facilities. Occupany rates have declined from 73% in 1978 to 65% in 1983 during the Peak season; 57% to 46% during the Off-Peak season; and 62% to 53% for the entire year.

Roomnights utilized during the peak season increased by an average of 1.37% per annum between 1978 and 1983. During

EXHIBIT 3-5: ACCOMMODATION CHARACTERISTICS - NORTHUMBERLAND COUNTY, 1978-1983

| | 1978 | 1979 | 1980 | 1981 | 1982 | 1983 |
|---|---|---|---|---|---|---|
| **Average Number of Rooms Available** | | | | | | |
| Peak | 236 | 283 | 283 | 291 | 284 | 281 |
| Off Peak | 213 | 263 | 261 | 269 | 260 | 272 |
| Total | 221 | 274 | 268 | 276 | 270 | 275 |
| **Roomnights Available** | | | | | | |
| Peak | 28792 | 34526 | 34558 | 35489 | 34704 | 34486 |
| Off Peak | 51972 | 64172 | 63736 | 65675 | 64231 | 66043 |
| Total | 80764 | 98698 | 98294 | 101164 | 98935 | 100549 |
| **Roomnights Utilized** | | | | | | |
| Peak | 21056 | 22925 | 23784 | 24821 | 24202 | 22536 |
| Off Peak | 29704 | 35502 | 30811 | 27890 | 29589 | 30986 |
| Total | 50760 | 58427 | 54595 | 52711 | 53791 | 53522 |
| **Occupancy Rate** | | | | | | |
| Peak | 73 | 66 | 68 | 69 | 69 | 65 |
| Off Peak | 57 | 55 | 48 | 42 | 46 | 46 |
| Total | 62 | 59 | 55 | 52 | 54 | 53 |

Notes:
(1) Peak Season = 122 Days (June-September)
(2) Off Peak = 243 Days
(3) Roomnights utilized during the peak season increased by 1.37% per annum between 1978 and 1983.
(4) Roomnights utilized during the Off-Peak Season increased by 0.85% per annum between 1978 and 1983.

Source: New Brunswick Department of Tourism, Occupancy Survey Consolidated by County, 1980-1983; and Occupancy Reports Consolidated by Region, 1978-1980.

the off-peak season roomnights utilized increased by an average of 0.85% per annum over the 1978 to 1983 period.

Exhibit 3-5 also emphasizes the seasonal nature of the commercial accommodation industry. Peak season occupancy rates are continually higher than the off-peak, resulting from tourism use during the June to September period. However, Newcastle's role as a location for business travellers to stay overnight is illustrated by the fairly high off-peak estimates.

Capacity

Based upon the 1983 estimates of utilization, the following conclusions can be made regarding capacity:

- 47,030 roomnights or an average of 130 rooms per night were not utilized in 1983;
- it would be fair to conclude that the accommodation stock is well below capacity at present (an effective capacity of hotel accommodation is an average occupancy rate of 70%; at this level serious capacity problems will be evident); the average year-round occupancy rate in 1983 was 53%; and
- it should also be noted that hotel operators quickly respond to upward shifts in the occupany rate, by either constructing new facilities or expanding existing accommodation.

## 3.5 Government Services

This section describes the extent and availability of services provided primarily by the local municipal governments. The description focusses on planning and protective services as these are expected to be most important factors related to the construction and operation of the Atlantic Institution.

### 3.5.1 Local Government Structure

There are 114 local governments (municipalities) in the Province of New Brunswick: 6 cities; 23 towns; and 85 villages. Almost all municipalities are governed by a Mayor and Council serving as elected representatives of the population within the administrative unit. The unincorporated areas of the province do not have locally-elected councils -- rather, the appropriate provincial department, through the Minister, acts in an advisory and/or regulatory capacity on those issues within its jurisdiction.

The basic source of revenue for local governments is the property tax. Unconditional and stimulation grants from the provincial government are also provided and are very important in assisting local governments with the delivery of municipal services. Unconditional grants are allocated on the basis of assessment per capita, assessment per road mile, population and expenditures not financed with local non-tax revenues.

A municipality provides the services deemed by the council to be appropriate for the peace, order and good government of the municipality and for promoting the health, safety and welfare of the inhabitants of the municipality. Those services include utilities, transportation, police and fire protection, and other general government services.

Parts of the province which are not municipalities are known as unincorporated areas. The Lieutenant Governor in Council may make regulations defining the boundaries of a Local Service District (LSD) and nature of the services to be provided. Subsequently the Minister of Municipal Affairs regulates the provision of services within a LSD and raises the required funds by taxation in accordance with the Real Property Tax Act.

### 3.5.2 Municipal Finance

A community's ability to raise revenue is directly related to its assessment base and tax rate.

Local tax rates for selected areas are indicated in Exhibit 3-6. Tax rates for incorporated municipalities in the province vary substantially, from a high of $1.4574 per $100 assessed value to a low of $0.4176 in 1984. For unincorporated areas the tax rate also varies considerably depending upon the assessment base and the services desired.

Unincorporated areas obtain basic services (road maintenance, snow removal, police protection, etc.) from the province, paid for through a basic tax rate of $.65//$100 assessment. If other services are desired, such as fire protection, ambulance, garbage collection, etc., a supplementary tax (usually about $.10/$100 assessment) is levied. The actual cost of a service is cost shared: 45% by the province and 55% by the LSD. Due to this formula, an increase in assessment would decrease the tax rate.

Unincorporated areas are also able to purchase services from incorporated municipalities. In this case, the total cost of a service is distributed in proportion to the assessment base of each administrative unit. Thus, if an LSD's assessment were to increase, its proportionate share of the cost of a service purchased from an incorporated municipality would also increase and hence the tax rate would rise.

In the case of a municipality, the assessment base also affects the size of the unconditional grant, an important source of revenue. The unconditional grant is paid by the province to a municipality based upon its population, length of roads and assessment base. The grant is not fully equalizing, so that while the grant is decreased if the assessment base increases, the system works to decrease the tax rate. In other words, an increasing assessment base generally improves a municipality's fiscal situation overall.

EXHIBIT 3-6: MUNICIPAL TAX BASE - SELECTED REGIONS ($Current)

| Year | Northumberland County | Newcastle | Chatham |
|---|---|---|---|
| 1979 | 377,355,340 | 99,744,900 | 68,829,370 |
| 1980 | 450,360,260 | 120,032,600 | 77,765,110 |
| 1981 | 509,725,190 | 130,696,800 | 87,852,930 |
| 1982 | 540,508,230 | 134,074,410 | 88,302,800 |
| 1983* | 502,862,285 | 128,342,967 | 91,246,633 |

* Does not include business properties.

Source: Department of Municipal Affairs, Assessment Branch. Unpublished Data.

### 3.5.3 Land Use, Ownership and Control

Existing land use in the impact region reflects the importance of original forestry, mining and fishing activities in early settlements to present day commuting to the urban aglomeration of Newcastle/Chatham.

Forest and non-productive lands cover the largest percentage of this basically rural county. Urbanized areas are generally small and overall population densities are low and tied to traditional primary resource activities. Rural settlements exhibit ribbon development patterns along established coastal and interior roads.

## Land Use Planning and Development Control

Land use planning and development control in the Impact Region are municipal functions, with the New Brunswick Department of Municipal Affairs acting in an advisory and approval capacity.

Municipal planning objectives are generally accomplished through Comunity Development Plans, with implementation enacted through zoning by-laws and other supporting legislation. These documents are prepared by Municipal Councils, often with the assistance of the New Brunswick Department of Municipal Affiars, and administered by a development officer.

The institutional framework for planning activities is indicated in Exhibit 3-7. The planning process is guided by a range of development control by-laws and, while it is not sophisticated by urban North American standards, it functions well within the local context.

EXHIBIT 3-7: LAND USE PLANNING AND DEVELOPMENT CONTROL, NORTHUMBERLAND COUNTY

| Planning Development Control Function | Town of Newcastle | Town of Chatham | Village of Rogersville | Village of Doaktown | Village of Blackville | Village of Douglastown | Village of Neguac | Village of Nelson-Miramichi | Village Of Loggieville |
|---|---|---|---|---|---|---|---|---|---|
| Planning Advisory Committee | * | * | X | X | X | * | X | * | * |
| Development Officer | * | * | X | X | X | * | X | * | * |
| Municipal Development Plan | X | X | X | X | X | X | | X | * |
| Zoning By-Law | X | X | X | X | X | X | | X | * |
| Subdivision By-Law | X | X | X | X | X | X | X | X | * |
| Building By-Law | X | X | X | X | X | X | X | X | * |
| Mobile Home By-Law | X | X | | | | X | | | * |

* Member of Miramichi District Planning Commission.

Source: N.B. Department of Municipal Affairs, Community Planning Branch, Unpublished Data.

### 3.5.4 Services and Amenities

#### Transportation and Roads

The Impact Region is served by two major provincial highways: Route 8 which connects the Newcastle area with Fredericton to the south and Bathurst to the north. Route 11 links the Gulf of St. Lawrence coastal communities to the urban centres of Chatham and Newcastle. These routes are two-lane, all weather roads and serve as the main trunk service.

#### Police Protection

The towns of Chatham and Newcastle as well as the Village of Blackville have their own municipal police force. The RCMP have four detachments in the county, located in Doaktown (5 officers), Newcastle (19 officers), Nequac (7 officers), and Rogersville (3 officers).

The New Brunswick Highway Patrol has assumed responsibility for accident and traffic law enforcement on routes 8 and 11 in the county; detachments are located in Doaktown and Douglastown.

#### Fire Protection

All incorporated municipalities and some of the Local Service Districts in the County have fire departments/services provided by brigades consisting of permanent employees and/or volunteers.

#### Education

School enrollment in the three school districts covering the county (Districts 8, 10 and 53) decreased between 1971 and

1983, as shown in Exhibit 3-8. As a result of the continued decline forecasted by the Department of Education, schools in these districts are expected to have excess capacity well into the next decade.

EXHIBIT 3-8: EDUCATION PROFILE SUMMARY, 1977 - 1983
NORTHUMBERLAND COUNTY

| | 1977 | 1980 | 1983 |
|---|---|---|---|
| School Population | 9,303 | 8,795 | 8,164 |
| Teacher Population | 457.9 | 457 | 447.4 |
| Student/Teacher Ratio | 20.3 | 19.2 | 18.2 |

Source: New Brunswick Department of Education, Unpublished Statistics, December 1983

## Social Services

A variety of social services are provided in the region. These include: income maintenance and personal social services, (Department of Social Services); mental health and public health services (Department of Health); and a regional detoxification centre (Alcohol and Drug Dependency Commission). In addtion, there are numerous private social services such as Alcoholics Anonymous and Family Serices Agencies.

# 4.0 HOUSING

This chapter presents a detailed analysis of the housing situation in the Renous area. A separate chapter has been devoted to this subject matter because it is believed to be the single most important issue related to the project.

## 4.1 Background

There are several important factors to be considered when analyzing housing. These are:

- rate of household formation;
- average number of persons per household;
- quality of housing stock;
- prices; and
- availability by housing type and by location.

These "hard" parameters must be considered in the light of the potential home buyer's decision making criteria which tend to be based more on emotions and perceptions. These factors are listed below:

- neighbourhood environmental quality;
- suitability of house to family lifestyle;
- building lot and home size;
- proximity to place of work, schools, shopping and recreation;
- mortgage costs and taxes; and
- operating costs (heat, light, transportation, etc.).

Perhaps one of the greatest influences on locational preference is the quality of the residential environment:

- natural environment quality (air and water pollution, climate, vegetation and general setting);
- public open space, recreational amenities and services, and municipal services (police and fire protection, garbage collection, etc.); and
- land use conflicts in residential areas (i.e. conflicting industrial and commercial uses).

These factors have a direct effect on the perception of homeowners/buyers concerning living quality and property values.

## 4.2 Historic Performance

Statistics Canada shows that the population of Northumberland County increased by 0.4% over the period 1976-1981, a considerably slower rate of growth than the provincial population which increased by approximately 2.8% over the same period. Housing (total dwellings) increased by 11.0% in the county between 1976 and 1981, as shown in Exhibit 4-1. This substantial increase occurred despite the low population growth - a phenomenon which follows provincial and national trends and is due to smaller families, single parents, divorced couples each seeking a new home, and single persons purchasing houses.

It is interesting to note that almost all of the new dwelling unit increase was attributable to construction of single detached dwellings. Over the period in question, apartment units stayed precisely the same - a trend similar to that which can be observed elsewhere in the province. The low multiple unit starts during these years is partially attributable to removal of various incentive programs (e.g. Assisted Rental Program, Multiple Unit Residential Building, etc.) and over- building which occurred in many areas during the early 1970's.

EXHIBIT 4-1: NORTHUMBERLAND COUNTY, PRIVATE OCCUPIED DWELLINGS

| | YEAR | | |
|---|---|---|---|
| Type | 1971 | 1976 | 1981 |
| Total | 11,690 | 13,680 | 15,180 |
| Single Detached | 9,625 | 10,535 | 12,190 |
| Single Attached | 705 | 640 | 600 |
| Double House | 425 | 425 | -- |
| Row | -- | 145 | -- |
| Other | 275 | 75 | -- |
| Apartment | 1,015 | 985 | 985 |
| Duplex | 240 | 365 | 285 |
| Other | 780 | -- | -- |
| Mobile | 340 | 1,145 | 1,120 |
| Average Number of Persons per Dwelling | 5.7 | 3.9 | 3.6 |

Source: Statistics Canada, 1971, 1976, 1981 Census

A comparison of several selected characteristics related to occupied private dwellings in 1981 for Northumberland County and the province is shown in Exhibit 4-2. There are no significant differences in the age of the housing stock nor in the average number of rooms per dwelling. However, it would appear that the county's housing quality is slightly lower than the province's as is indicated by the incidence of repairs needed. Home values and rents are also lower in the county, possibly due to somewhat inferior qualtiy.

EXHIBIT 4-2: NORTHUMBERLAND COUNTY AND NEW BRUNSWICK, OCCUPIED PRIVATE DWELLINGS, SELECTED CHARACTERISTICS (1981)

| | Northumberland | % of Total | Province | % of Total |
|---|---|---|---|---|
| Total Dwelling Units | 15,180 | -- | 214,920 | -- |
| Average Number of Rooms per Dwelling | 6.1 | -- | 6.0 | -- |
| Period of Construction | | | | |
| before 1946 | 5,010 | 33.0 | 67,430 | 31.4 |
| 1946-1960 | 2,940 | 19.4 | 39,260 | 18.3 |
| 1961-1970 | 2,115 | 13.9 | 34,475 | 16.0 |
| 1971-1981 | 5,110 | 33.7 | 73,750 | 34.3 |
| Minor repairs needed | 3,440 | 22.7 | 44,215 | 20.6 |
| Major repairs needed | 2,070 | 13.6 | 21,540 | 10.0 |
| Average Value | $31,275 | -- | $38,610 | -- |
| Average gross rent (Monthly) | $203 | -- | $265 | -- |

Source: Statistics Canada, Publication 8-5200-850, 1983

## 4.3 Demand

This section considers the potential housing demand in the vicinity of the project. Demand is associated with two parameters: natural and stimulated by incremental economic development.

## 4.3.1 Natural Demand

Natural demand results from the increase or decrease of the population in accordance with established trends in births, deaths and migration. In previous sections of the report a population forecast was presented. Three population scenarios were developed which resulted in the following projected population levels:

| | 1986 | 1991 | 1996 |
|---|---|---|---|
| Base Case | 54,017 | 53,781 | 53,308 |
| Low | 53,140 | 51,888 | 50,412 |
| High | 54,571 | 54,989 | 55,183 |

By assuming that the downward trend in the average number of persons per household (PPH) will continue (but probably not at rates of decrease exhibited in the past) it is possible to determine the number of dwellings required in the future.

The average number of persons per household, historic and estimated (by DPA) is shown below:

| Year | PPH |
|---|---|
| 1971 | 4.3 |
| 1976 | 3.9 |
| 1981 | 3.5 |
| 1986 | 3.2 (DPA estimate) |
| 1991 | 3.0 (DPA estimate) |

The incremental housing demand can be calculated using the population forecasts as follows:

| | 1986 Population | PPH | Total Dwellings | Existing Dwellings | Incremental Demand (Units) |
|---|---|---|---|---|---|
| Base | 54,017 | 3.2 | 16,880 | 15,180 | 1,700 |
| Low | 53,140 | 3.2 | 16,606 | 15,180 | 1,426 |
| High | 54,571 | 3.2 | 17,053 | 15,180 | 1,873 |

If we assume that the market can respond to demand in accordance with historic rates of growth in the number of dwelling units available, then an 11% increase over the period 1981-1986 will provide 1,670 incremental units. In other words, the region's capacity to respond to housing needs will only be strained if the "high" population scenario develops. This is not considered to be likely given the current depressed level of economic opportunities in the Miramichi.

However, it is important to note that even in the base case (i.e. the continuation of historic trends) the number of incremental units slightly exceeds historic levels. This fact must also be evaluated in the light of the fact that many builders and developers have discontinued their activities because of financial losses suffered during the high interest rate periods of the early 1980's. It would therefore appear reasonable to assume that any amount of new economic activity will place a burden on the area's ability to provide suitable housing.

### 4.3.2 Economic Development Prognosis

In addition to the Atlantic Institution, there are several projects which are sufficiently large in scale to stimulate an influx of labour force to the area, particularly during the construction phases of these projects. An influx of construction workers will generate demands for accommodation, both commercial and private residential.

The potential major projects and their associated characteristics are indicated below.

EXHIBIT 4-3: MAJOR PROJECTS MIRAMICHI AREA

| Project | Capital ($Millions) | Construction Workforce (Person years) | Schedule |
|---|---|---|---|
| Acadia Forest Products, Coated Paper Mill | 212 | 700-800 | 85-86 |
| French Cultural Centre | 12 | 165 | ? |
| Miramichi Port Development | 17 | ? | 83-85 |
| SRL Metal Extraction | ? | 60 | ? |
| Coal/Oil Shale Pilot Plant | 33 | 200 | 85-86 |
| Sulphate Leach Roast Plant | 10-20 | 250 | 83-85 |
| Miramichi Hospital | 50-100 | ? | Study |
| Chatham Downtown Rehabilitation | 8 | ? | Ongoing as funds available |
| Newcastle Downtown Rehabilitation | 2 | ? | Ongoing as funds available |
| Newcastle Arena | 2-4 | 125 | 85-86 |

Source: The DPA Group Inc.

For the most part, the workforce required to construct the facilities in question is readily available, with the exception of a few specialty trades which may have to be imported from outside the region or outside the province. In consideration of the prevailing unemployment rate in the area (19.3%, January 1985), it is not likely that an influx of labour is to be expected.

However, since the unemployment rate is the construction trades is very high throughout the province (in some areas currently as much as 70%), the potential for labour force influx will depend to some extent upon whether the work is carried out on a union or "open shop" basis and on local union hall hiring practices. If usual procedures are followed, the local union memberhip will receive employment on a priority basis before applications from outside the region are considered.

It is extremely difficult to predict the labour influx resulting from these projects. However, discussions with the Miramichi Regional Development Commission, local elected respresentatives and project proponents indicate that about 250 incremental households could be expected to move into the region.

It should be noted that this figure includes developments associated with the changing role of CFB Chatham. It is also difficult to evaluate the net, incremental effect of the various proposals for the base, but 30 new households is considered to be a safe, conservative estimate.

The above projects coupled with the estimated requirement for approximately 200 new persons for the Atlantic Institution indicate that a potential incremental demand for 450 dwelling units spread out over a period of approximately two to three years will be generated by these projects.

## 4.4 Housing Supply and Capacity

This section presents an indication of current housing supply and the area's capacity to support new residential development. Recognized housing agencies such as the New Brunswick Housing Corporaton (NBHC) and Canada Mortgage and Housing Corporation (CMHC) do not compile accurate statistics related to dwelling starts and completions for this region. Consequently the data presented is somewhat narrow in scope and has been developed through discussions with knowledgeable authorities.

## 4.4.1 Current Supply

By any indiciator, housing supply in the Miramichi region is very tight. There are presently about 40 single family homes on the open market. The rental accommodation vacancy rate is estimated to be close to 0%. Normally, when the vacancy rate is less than 3%, the market responds by developing new units. However, in the Miramich, rents are currently below development costs. The same is true of housing. Prices for single family dwellings are below replacement costs. Hence, there is no incentive for developers to build.

## 4.4.2 Current Capacity

The number of vacant, serviced lots in the area is somewhat more encouraging. Services (i.e. sewer and water) in the county exist only in Chatham, Newcastle and part of Douglas Town. Discussions with real estate agents and MRDC reveal that there is a wide range in the estimated availabiltiy of building lots. However, it would appear that in the order of 100 vacant lots would be a concensus on availability. Apparently, many existing home owners own the lots adjacent to their homes, and thus the above figure is likely underestimated as these lots could be put on the market if appropriate selling prices were attainable.

A substantial number of unserviced lots are also available in the area. A preliminary survey of existing subdivisions in "rural" areas indicated that approximately 175 lots are immediately available, broken down by location as follows:

| | |
|---|---|
| Good Fellow Subdivision | 50 |
| Southesk Road | 50 |
| Homestead Acres | 75 |
| Total | 175 |

In addition to developed lots, there is an abundant amount of raw land available which could be easily subdivided, either along existing roads or through the development of new subdivisions.

According to provincial law, the minimum size of an unserviced building lot is one acre with a mimimun frontage of 180 feet along a public road. The home builder/buyer is responsible for drilling a private well and installing a septic tank in accordance with Department of Health and Department of the Environment regulations. Thus, the subdividing of land in rural areas is a simple process and in many cases, subdivision approval and building permits can be obtained in one day.

## 4.5 Conclusions Regarding Supply

At present, there are probably very few homes in the Miramichi region which are available on the open market and which would appeal to an incoming family expecting better-than-adequate housing standards.

There is no rental accommodation of any description available.

Although approximately 250-300 building lots are available, most of these are located in rural areas with no image of "neighbourhood". In that context, it is expected that the decision of whether or not to build would be very difficult for an incoming out-of-province family.

## 4.6 Summary of Issues

This section presents a summary of major issues related to housing development in the Miramichi. These are:

- low inventory of homes on market;
- no rental accommodation available;
- condition of stock generally less than adequate;
- builders need about 3 months to respond to a signed contract for new construction;
- market values likely to rise in tight market;
- difficult to predict the labour force influx related to new economic developments;
- difficult to predict what type of housing (and where) will be available;
- speculators and developers not creating residential subdivision (land and servicing costs too high to afford carrying charges);
- no incentive for apartment builders, costs too high, return too low;
- too few speculators in area;
- contrary to common opinion, financial institutions are willing to provide financing for development in Miramichi; and
- local home building contractors have not been active since high mortgage rate periods, however, there are about a dozen contractors who each could construct about three houses a year.

## 4.7 Housing Strategy

### 4.7.1 Introduction

This section presents a Plan of Action to be followed by CSC in realizing its objective of encouraging the development of new housing units for Atlantic Institution staff.

The plan is based upon previous information regarding both population forecasting, physical capacity/environment analyses, and housing demand by type. Based upon these assessments, a strategy geared towards establishing implementation priorities and realistic objectives has been formulated.

Our findings lead us to conclude that unless specific steps are taken by CSC to improve the climate for housing investment in the Miramichi, new incoming population will be faced with little or no housing to choose from. There is no question that marketing and greater levels of involvement in the housing field by appropriate groups and CSC are required to ensure that a reasonable amount and quality of new housing starts will be available for Atlantic Institution staff.

Actions are required at several levels and include the provision of appropriate economic and/or regulatory incentives to ensure that builders and developers can obtain an attractive return on investment. As well, a greater cooperation between federal, provincial and municipal agencies is required. Unfortunately, many of these initiatives are outside the mandate of CSC.

The primary purpose of this chapter is to elaborate a plan of action and to establish target objectives for future housing development in the Miramichi.

#### 4.7.2 Planning Context

The planning perspective must consider several fundamental aspects which impinge upon housing supply, demand and location.

The major considerations are as follows:

- future population, age group breakdown and rate of household formation;
- land availability, ease of acquisition, assembly into viable parcels;

- hard servicing capabilities, adequacy of infrastructure, planned phasing of extension of trunk services; and
- planning regulations, zoning requirements, development process, etc.

The findings related to these elements has been presented above.

### 4.7.3 Housing Type

As estimate of residential requirements by housing type is shown at Exhibit 4-4. The exhibit indicates that from the present to the third quarter of 1986, approximately 155 units will be required. This estimate has been developed under the assumption that 25 units will be available from the local market. If this assumption does not hold true, and there is a strong possibility that will be the case, then in excess of 200 units will be needed in an 18 month time frame. This demand cannot be met without supply-side intervention.

Single Family Dwellings (SFD)

Approximately 120-140 SFD's will be required for new CSC staff. There are no capacity constraints in terms of building lots, to satisfying this demand. However, it remains to be determined if new CSC staff can afford to build new homes or if developers are willing to build "speculation" housing (particularly in rural areas).

From the builder's perspective there are several advantages to focussing his efforts in the rural areas:

- land is inexpensive relative to urban land;
- large tracts of land can be assembled which are amenable to subdivision development;

EXHIBIT 4-4: ATLANTIC INSTITUTION - RENOUS, N.B. RESIDENTIAL REQUIREMENTS

| | | | | | | 1985 | | | | | | | | | | 1986 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | J | F | M | A | M | J | J | A | S | O | N | D | J | F | M | A | M | J | J | A | S |
| Number of staff relocations (by quarter) | | 7 | | | 27 | | | 25 | | | 46 | | | 41 | | | 41 | | | 5 | |
| Number of staff relocations (cumulative) | | 7 | | | 34 | | | 59 | | | 105 | | | 146 | | | 187 | | | 192 | |
| Type: Family 50% | | 3 | | | 17 | | | 30 | | | 51 | | | 74 | | | 93 | | | 94 | |
| Couple 25% | | 2 | | | 8 | | | 15 | | | 27 | | | 36 | | | 47 | | | 49 | |
| Single 25% | | 2 | | | 9 | | | 14 | | | 27 | | | 36 | | | 47 | | | 49 | |
| Requirements: | | | | | | | | | | | | | | | | | | | | | |
| House (3 bedroom) | | 4 | | | 21 | | | 38 | | | 65 | | | 90 | | | 120 | | | 125 | |
| Apartment (2 bedroom) | | 3 | | | 13 | | | 21 | | | 40 | | | 56 | | | 67 | | | 67 | |
| Adjusted Requirements:* | | | | | | | | | | | | | | | | | | | | | |
| House (3 bedroom) | | 0 | | | 8 | | | 10 | | | 40 | | | 65 | | | 100 | | | 105 | |
| Apartment (2 bedroom) | | 3 | | | 10 | | | 15 | | | 30 | | | 40 | | | 50 | | | 50 | |

* Based on 25 houses from the present local market

Source: CSC unpubilshed data, 1985

- development standards are less restrictive;
- soil characteristics are such that servicing installation is inexpensive, fast and simple; and
- the approval process is simple, inexpensive and fast; only one individual handles the application and the response time is very rapid.

Apartments

Approximately 75 rental accommodation units will be needed by CSC. Meeting this demand will be almost impossible.

Factors mitigating against renewed apartment construction activity include the Rent Review Act and to a more limited extent, the Residential Tenancy Act. The former act has been perceived by developers as being a form of rent control and has not helped the expansion of supply. This act is to be automatically repealed in 1985 and multiple construction activity may resurge at that time, dependent upon the prevailing vacancy rate. The Conservative Government's recent economic statement has resulted in proposed Treasury Board cuts to several programs which will directly and indirectly affect multiple unit supply. These include:

Program Reductions

- Residential Rehabilitation Assistance Program (RRAP) ($29.4M)
- Social Housing ($9.6M)

Programs Eliminated

- Canada Oil Substitution Program (COSP), terminated March 31, 1985 ($95M)
- Canadian Home Insulation Program (CHIP), terminated March 31, 1985 ($84M)
- Canada Rental Supply Plan (CRSP) ($7.8M)

The elimination of CRSP will withdraw uncommitted funds for constructing apartment rental units. The elimination of this program will not have a serious effect in the Newcastle area due to the limited monies involved for the whole of Canada. The other programs are often used by landlords to upgrade their buildings and/or convert/rehabilitate to increase the number of units in a building.

### 4.7.4 Conclusions Regarding Action

The obstacles facing CSC are formidable, particularly because the service cannot intervene in any direct way in the supply of housing. However, development encouragement could be provided by CSC in several forms:

- undertake a survey of potential staff to determine family composition, housing affordability and preferred housing type/style/ location;
- encourage local development offices to provide indirect subsidies to builders through the provision of technical assistance, regarding engineering and planning matters;
- CSC, through Public Works Canada, could also act as a developer in its own right; the risk associated with this approach is that developers perceive unfair competition;
- provide seminars and workshops for builders/ developers which explain CSC's projected needs and timing of staff arrival; and
- maintain continuous dialogue with real estate agents and builders which demonstrate that CSC is committed to the completion of the institution as planned.

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