THE LAND ECONOMIST

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The Rental Market

Ontario's Progressive Conservative Government has said it wants to address fundamental problems in the rental market. In this issue, The Land Economist looks at some of the key issues:

Also in this issue:

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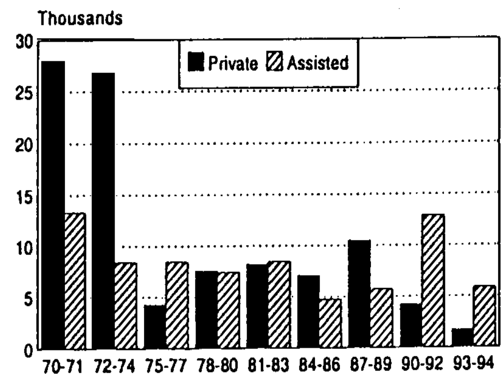
Photo courtesy Bert F. Grant Management Ltd.

Comparative Property Tax Assessment Rates, 1991

Municipality	Assessment as % of Market Value 1 - 2 Units	Assessment as % of Market Value 7+ Units	Ratio of Multi-Family to Single Family
Etobicoke	2	8	4.00
Hamilton	3	8	2.67
London	4	9	2.25
North Bay	3	9	3.00
Oshawa	5	10	2.00
Ottawa	4	9	2.25
Scarborough	2	8	4.00
Toronto	1	6	6.00

Source: FRPO and Report of the Ontario Fair Tax Commission, 1993

Average Annnual Rental Starts
Ontario, 1970-1994



Source: Ministry of Municipal Affairs and Housing estimates

Stimulating New Rental Supply

by Philip Dewan

Dealing with the rent control problem is an absolute prerequisite to encouraging new rental housing to be constructed. However, rent controls are not the only reason that the private sector is not providing new rental supply in large quantities today.

There are a number of other tax and regulatory issues which have contributed to the gap between economic and market rents. These must be addressed before new supply will be created.

The most critical factors have been:
- the growing dollar gap between property taxes on multi-residential rental and single family homes
- municipal development charges
- the Goods and Services Tax

Industry is not proposing government assistance to cover the gap between economic and market rents. The solution to the rental market problem is to eliminate the root causes of the gap.

HUGE INEQUITIES IN PROPERTY TAXES

The average tenant in a high rise building is paying far more in property taxes on a proportionate basis than the owner of a single family home of a condominium. The tenants of Toronto's St. Jamestown highrises are subsidizing the residents of luxury condos on the waterfront; renters in the apartments of Vanier in Ottawa are supporting the owners of Rockcliffe mansions. Equalizing the single family and multi-residential rates could make a difference of $1,200 a year on some apartments in Metro Toronto.

Though eliminating the unfair tax burden on tenants could present some political difficulties, it is the single most significant step which could be taken toward closing the gap between economic and market rents, and stimulating new construction. Ontario should follow Manitoba's 1990 decision to phase out their property tax differential over a 10-year period — and it should start with immediate equalization for new apartments.

DEVELOPMENT CHARGES

Under the Development Charges Act, the ability of municipalities to levy for a wide range of services has been expanded and levy power has been extended to school boards. On any project, the developer can face charges levied by four bodies — the regional government, local government, public school board and separate school board. Depending on the municipality, these charges can add up to $10,000 or $15,000. In many municipalities, development charges introduced since the late 1980s alone exceed the gap between economic and market rents.

GOODS AND SERVICES TAX

Unlike the previous manufacturer's sales tax, GST has to be paid on all land and construction costs. Because a large portion of the price of a new unit relates to land, which was not taxed under the previous system, introduction of the GST created a large bump in tax costs. This inequity was recognized for new ownership housing — those homes costing less than $350,000 are granted a rebate which brings the normal seven per cent GST rate down to 4.5 per cent. For many non-profit units, the rate has been only 3.5 per cent because their funding comes from government.

The result is that private rental housing bears a GST burden up to twice that of other forms of housing. In addition, landlords' operating costs are treated differently under the GST system than most other companies'. There is something very wrong with this picture.

OTHER ISSUES

Red tape and compliance costs associated with other types of regulation, such as building code over-regulation and municipal requirements, also need to be reduced. Also, there must be an acceptable resolution to the human rights issue of whether a landlord can refuse to rent to prospective tenants if they cannot demonstrate their ability to pay the rent.

CONCLUSIONS

Much of the gap between economic and market rents could be eliminated by bringing property taxes into line with those for ownership units, equalizing GST treatment and reducing development charges. Since little new private construction will take place under current conditions, those measures will not lower overall tax flow. Almost every tax dollar generated in building new projects is a pure incremental gain.

Philip Dewan is President of the Fair Rental Policy Organization of Ontario.

BC Provides A Good Model For Replacing Rent Controls

by Greg Lampert

With the election of the Conservative government, Ontario now has an opportunity to put in place a system of rent regulation that truly balances the interests of tenants and landlords.

The province's current strict rent controls are manifestly unfair to landlords and, over the long term, are detrimental to tenants as well: existing properties are deteriorating, little new rental construction is taking place and tenants will find less selection, since rental markets will tighten significantly over the next few years.

Non-profit housing, the main source of supply of new purpose-built rental housing for the past few years, will dry up once projects currently under construction reach completion. In Toronto, the stock of private rental housing will decline as the glut of condominiums rented during the great condo bust of the early 1990s is gradually sold off to owner-occupants.

Radical reform of the rent control regime is a prerequisite to a return of private rental construction in Ontario.

Many in the housing industry would like to see total decontrol of rents. In my view, this would be a mistake. What is required now is not a complete pendulum swing away from controls. A middle ground which is fair — and is seen to be fair — to both landlords and tenants would be the best approach.

HIGHLIGHTS OF THE BC SYSTEM

British Columbia provides a model which Ontario should examine carefully. The province's New Democratic Party government recently reintroduced a "rent protection" system after several years of a decontrolled market.

Here's how they have tried to balance the interests of both landlords and tenants:

- **Complete decontrol of vacant units**
  This measure alone would be a major positive initiative in Ontario, removing the need for an expensive rent registry and allowing landlords the ability, over time, to obtain market rents.
- **Protection for sitting tenants**
  Tenants are protected from harassment, unwarranted entry, and most importantly (given the decontrol for vacant units) eviction. Problems are referred to arbitration. Making sure that sitting tenants do not get forced out of their homes is not only fair, it also eliminates problems which could create future political pressure to reintroduce stringent controls — a key issue for the industry.
- **Agreed rents, with resort to arbitration**
  Landlords and tenants are encouraged to work out an agreement on rent increases. Where they can't, the tenant can pay the $35 fee and hand over the dispute for binding arbitration. Though the B.C. system is more bureaucratic than necessary, demanding extensive paperwork, a simpler system could be developed.
- **Arbitration for other landlord/tenant disputes**
  Either landlord or tenant can refer problems to arbitration.
- **Quick eviction for non-payment of rent**
  If rent is not paid on the due date, landlords can give tenants 10 days' notice to leave.

CHANGE MUST BE PERMANENT

Investors can learn to live with a certain amount of regulation; however, the constant threat of regulatory change makes them very nervous. Reform of Ontario's rent regulation system should be sufficiently fair to both landlords and tenants that it can be made — and then left alone.

Many potential investors insist they will not get involved in rental projects again without some concrete assurance that new projects will remain exempt even if a future government reintroduces controls. Although it is difficult to bind future governments, it is clear that some kind of assurance in this regard would help provide a positive environment for investment. In my view, the best protection against reimposition of unfair rent controls is a truly balanced system.

ADDITIONAL MEASURES WILL BE REQUIRED

A relaxation in the regulatory environment is essential to renewing investor interest in new rental construction. However, that may not be enough by itself to stimulate the amounts of new supply that the government hopes for, especially in the high-cost Greater Toronto Area.

The economics will be different for each project and each investor. For some, especially those who already own appropriate land, relaxation of rent regulations will be sufficient to make investment attractive. For others, additional measures, particularly in the area of unfair property taxes, will be required.

CONCLUSIONS

With a BC type of system, Ontario would gradually emerge into a system of true market rents as tenants vacate existing units. More than one quarter of tenants move every year. As they move out, units could be re-rented at market rents.

For sitting tenants, rent increases would be agreed between tenant and landlord, and the system to ensure they were fair would not be as heavily regulatory as the current Ontario system. There would be no headlines in the Toronto Star announcing widows were being forced from their homes by 40 to 50 per cent rent increases. Such headlines create irresistible pressure on politicians to impose stricter rent controls.

Only a system which provides protection for tenants can succeed in providing the long-term regulatory stability within which rental investors can build with confidence.

Greg Lampert recently established his own economic consulting practice after 15 years with Clayton Research Associates Ltd. He is currently finalizing a report on the private rental market for Ontario's Ministry of Municipal Affairs and Housing.

The Effect Of Rent Controls On Ma

by Keith Hobcraft, AACI, FRICS, PLE

Rent controls for residential property are not a 20th Century idea, but have come and gone since ancient times. One could surmise from this that the idea is not economically and socially sound, but simply a political manoeuvre or emergency response —really sensible laws such as those against theft remain pretty much intact, regardless of the times or government.

Rent control, therefore, is legislation that appears and disappears with the tide of affairs. After 20 years, the time is ripe for Ontario to decide whether to partially or fully modify the rent control system.

By way of background, controls were introduced in Ontario in 1975, under a fairly loose framework. Initially, they applied only to existing buildings, and rentals above a certain limit ("luxury" units) were exempt.

Over the next decade, building values languished. A number of existing building owners abandoned the market, believing that future values were too uncertain. By the mid 1980's, however, a new wave of more optimistic investors had arrived.

Their ideal property was a building that had lowish rents and was in need of repair. The buyer of such a building would typically reap the maximum benefit from the existing legislation.

- annual permitted increases were fairly generous (sometimes greater than the market would permit), and were often perceived as the "Legal and Fixed" rent increase, rather than the "Legal Maximum" rent increase
- to keep the investment market liquid, government allowed some substantial costs to be passed through to the tenants — e.g., the costs of mortgages placed in order to buy an apartment, and the amortized cost of renovations and repairs
- sales of apartments were often partially financed with a vendor's mortgage for two or three years, at low interest rates, to assist the new buyer with his rent review application

Under this system, approved annual rent increases on those buildings which had been sold and renovated could easily reach 15 to 20 per cent per year for three years or more.

In 1990-92, the new NDP government made drastic changes to the regulations, capping rent increases for capital repairs at three per cent per year and tightening all other opportunities for cost pass through.

Why there was such a reaction in government circles against new windows and kitchens (such decadence — a microwave!), I don't understand. Rental apartments are about the only assets that haven't been systematically upgraded and modernized over the past 25 years — and the government cut off the only option for doing so. Apparently, tenants were only entitled to the now rapidly decaying minimum level of the 1960s, even though many of them could have afforded more, and might well have appreciated the upgrades.

WHAT HAPPENED IN THE MARKET?

To gauge the impact of rent controls, it is instructive to look at what happened to building values over the past ten years (see accompanying chart).

Apartment values increased rapidly during the real estate boom of 1986-1989. From approximately \$29,000 to \$35,000 per suite in the 1985 Toronto market, they rose to \$65,000 to \$70,000 in 1989.

As values rose, overall yields fell as low as three to four per cent. Investors accepted negative cash flows because any controlled rent was assumed to be below market — people were betting on being allowed future rent increases through the control system, and on the fact that the construction cost of each apartment was certainly two to three times its market value. Buyers and lenders had come to perceive the controlled market as a very safe investment with no downside.

In late 1989-90, the boom in apartment values ground to a halt as recession hit and the severe restrictions were placed upon cost pass-throughs to tenants. By 1991-92, rent control in the mid to upper rental range had become pretty much irrelevant, as the market forced rents down dramatically — sometimes by 20 to 30 per cent. Capital values shifted accordingly, and yields rose to nine to 10 per cent. Values by 1994 were down to \$35,000 to \$45,000 per suite.

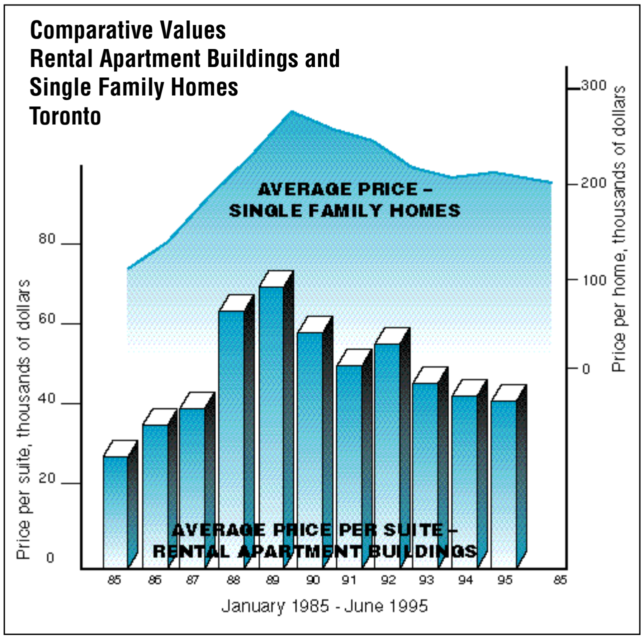
It appears that, despite rent controls, overall apartment values reacted pretty much in step with the general real estate market, if somewhat less dramatically than the office/commercial sector. If anything, controls may have evened out the market highs and lows, dampening the 1986-89 surge a little, and providing a floor under the subsequent drop in values.

EFFECT OF REMOVING CONTROLS

Low end rents (less than \$600+/-) changed little during 1990-95, so it is difficult to judge the effect of an abrupt removal of rent control at this level. With high vacancy and discounted rents at the upper rental levels, it could be that nothing would change. On the other hand, total release of controls at the lower end could cause a surge in rents charged at this level, with subsequent ripples through to the upper level.

In 1993-94, when vacancy was highest, it is probably fair to say that little would have changed if rent controls had been removed. Many buildings had effectively been decontrolled by the market.

In 1995, with continued economic recovery, vacancy has diminished. This, together with



Source: Bosley Farr Associates/TREB

arket Values

the demise of new supply through the non-profit sector, would probably cause overall rents to rise without controls — but the competition from a much lower cost ownership housing market would likely dampen some of the increase.

In fact, the market may be more stable than some observers expect — the 1985-89 boom was driven largely by speculators operating in a regulated market and capitalizing on the specific rights to increase rents under the regulation. New investors may have to be more competitive and market wise.

What would be certain to happen is a realignment of values, and probably increased tenant mobility. Buildings would no longer be valued based on their past success in negotiating the rent control system. Quality buildings with artificially suppressed rents should increase in value. Some marginal buildings would languish.

Speculative development of new rental apartment buildings is unlikely, even after decontrol. The costs are just too high still: resulting rents would probably equal the cost of buying a condo — and why would people rent if they could buy? Decontrol could, however, lead to increased conversions to existing non-residential buildings that are currently vacant.

In addition, decontrol would at least mean that landlords have the potential to accumulate a growing cash surplus to renovate, upgrade and repair the existing stock. This in itself is a positive advantage.

CONCLUSIONS

In summary, once the original hiatus was overcome, rent controls in Ontario appear to have only marginally affected the overall market. Building values today probably are not much lower than they would have been without controls. The regulations have, however, caused distortions within the market, as different review awards were granted to otherwise similar buildings. Decontrol would eventually wipe out these distortions, permitting more natural growth and, hopefully, the upgrading and renovation of the existing stock.

Keith Hobcraft is president of Bosley Farr Associates Ltd., Toronto.

Lots in Draft Approved and Registered Plans

Unit Type	Draft Approved	Registered Plans	All in Active Development	Proportion Draft Approved & Registered
Singles	21,016	18,845	65,720	61%
Semis	3,544	1,246	9,202	52%
Rowhouses	6,920	6,455	29,184	46%
Apartments	8,059	15,081	113,806	20%
TOTAL	**39,539**	**41,627**	**217,912**	**37%**

Source: 1995 GTA Residential Land Inventory Survey

Still Lots of Apartment Land in the GTA

Apartment land accounts for more than 52 per cent of the units currently in “active development” in the Greater Toronto Area, says a new survey by Canada Mortgage and Housing Corp. and the Ontario Ministry of Municipal Affairs and Housing.

The information, based on the situation as of January 1, 1995, included development applications that were:

- waiting for zoning amendments and/or plan of subdivision approval
- proceeding through site plan control
- still needing building permits to be issued (all planning approvals in place)

Early applications (those waiting for Regional approval of a municipal Official Plan amendment) were not included. Neither were those which had not been active since January 1, 1990.

The 113,806-unit supply of apartment land would last for almost seven years at high absorption rates based on household growth projections for the Greater Toronto Area, the study concludes —or 27.3 years at the low absorption rate (which assumes demand continues at the low rates of 1993 and 1994).

Most of this apartment land (86,400 units) was situated in Metro Toronto and Peel Regions. In Metro, proposals for 16,103 units had received all planning approvals and were ready for building permits.

Other highlights of the survey include:

- There were 65,720 single detached units in development applications, representing a supply of 3.3 to 6.4 years (high to low absorption scenarios). Singles represented 30 per cent of total units. Of those, 61 per cent were in draft approved or registered plans.
- At medium absorption rates (a 50 per cent increase over 1993/94 building activity), the supply of lots for single detached units would last 4.2 years — approximately six years in Durham, three years in Halton, one year in Metro Toronto (where very few singles are built anyway), four years in Peel and just over four and a half years in York. Supply appears to be very low in Pickering (2.2 years), Uxbridge (one year), Oakville (1.4 years) and, to a lesser degree, Mississauga (2.8 years).
- The lot supply for rowhouses represented 13 per cent of the total, or 29,184 units. At medium absorption rates, that would be a 6.6 year supply.
- The lot supply for semis represented four per cent of the total, or 9,202 units. At medium absorption rates, that would be a 3.6 year supply.

Kevin David Murray Wins OLE Scholarship

Murray (left) with President Ed Sajecki

Kevin David Murray has received the Association of Ontario Land Economists' $500 scholarship for 1995. The award is presented to an outstanding student in the course "Location Analysis: Theory and Practice", a second year level requirement for Ryerson Polytechnical University's School of Applied Geography degree program.

Having worked as a glazier/metal mechanic in Vancouver and then Toronto, Murray, 37, watched as the recession made construction jobs harder and harder to find. "It was either go back to Vancouver or go back to school," he says. "I decided I really wanted to get a practical education." Now in the third year of his four-year degree program, he has spent summers doing market analysis for Oshawa Foods and works part time during the year in Ryerson's Geographical Information Systems (GIS) lab.

HIGHLIGHTS

The scholarship award was judged on two papers. Murray's first paper, "Retail Structure Dynamics", examined the retail structure of Bloor Street West from Spadina Avenue to Christie Street, based on data collected for a retail inventory of Toronto, Statistics Canada demographic data and personal observations.

His second paper, "The Global Economy and the International Division of Labour", examined how high technology has created a new international division of labour — and made human resource capital instead of transportation costs or access to natural resources a prime industrial location factor.

In this paper, Murray examined theories relating to the global economy:

- all countries have identified high technology industries as the key of a high standard of living for their citizens
- this means that countries will be competing head-to-head in the 21st century for the knowledge-intensive information functions of high technology industries
- those knowledge-intensive functions are attracted to human resource capital and tend to cluster to become globally competitive
- "downstream" unskilled functions can be located in completely different areas of the world, and
- government programs such as the Canada assistance plan, equalization payments and regional diversification programs have weakened Canada's competitive position.

"It has been stated," Murray's paper concludes, "that we are witness to three fundamental changes in the chain of the global economy. The primary sector has become uncoupled from the industrial economy. In the industrial sector itself, production has become uncoupled from employment. Furthermore, capital movements, rather than trade in goods and services, have become the engines and the driving force of the world economy.[1]

"While adjustment and restructuring to meet these global changes are apparent everywhere in the private sector, Canada's policies have not made the transition from natural-resource-based wealth to human-resource-based wealth..."

He quotes Thomas Courchene[2]: "Canadians used the fiscal system cushion arising from our resource-based economy to mount a comprehensive system of transfers to persons, to businesses and to governments. Arguably, this system was appropriate for the Canada of the 1950s and 1960s, but as the world economy evolved, Social Canada became increasingly offside with our economic imperatives."

The paper ends: "For Canada to become competitive in the new global economy, it must develop the human resources necessary to attract the investment that spurs on high-technology clustering. To accomplish this, there must be a fundamental shift away from current government policies. A new paradigm must be developed consisting of regional specialization and people investment rather than place investment. Such a paradigm is necessary to Canada's competitive future."

[1] *Drucker, Peter F. "The Changed World Economy", in Foreign Affairs, 64, Spring 1986, pp 3-17.*

[2] *Courchene, Thomas J. Social Canada in the Millennium. Toronto: C.D. Howe Institute, 1994.*

Some Changes At The Journal

This is the first of a new format Journal, designed to feature members' and contributing authors' various perspectives on an issue of current concern — this time the rental market. Distribution is being increased, in order to promote members' interests and increase awareness of the broad expertise available within our membership.

We also have instituted a "Members' Affairs" column. This first column is devoted to the new members who have joined in the past year. In future, we will also cover such things as appointments, special projects, etc. Jim Appleyard has consented to coordinate the column. Any member with announcements should contact him (see next page).

I'm also very happy to include an excerpt from a paper by Kevin David Murray, winner of the 1995 OLE Scholarship at Ryerson. OLE has been very proud of its award winners over the years.

As always, Council is pleased to receive articles or studies for publication, and welcomes member input. Contact the Journal editor, Rowena Moyes, or call me directly at (416) 486-1879.

Keith Hobcraft
Journal Chair

President's Message

It is an honour to serve as your new President in these challenging and changing times. Indeed, the one constant that we can count on is change - change in our industry, change in our Province, and change in our Country.

During the six years that I have served on Council, I have been fortunate to work with Presidents and other Council members who have brought creativity and boundless energy to each task they have taken on. Our ongoing successes will be the results of your present hard working, high quality team of Council members.

I would like to particularly thank our immediate past president, Allan Windrem, for his leadership over the past year in furthering the aims of our Association and its membership base. He continues to be very involved as Chair of our new permanent "Aims and Means Committee". This committee has been created by Council with the objective of broadening our membership, increasing our profile, and taking public positions from a Land Economist perspective on timely issues such as taxation in the GTA or municipal government restructuring.

Land economics functions bring together a variety of professional disciplines and practitioners (Municipal Assessors, Ontario Land Surveyors, Economists, Quantity Surveyors, Real Estate Appraisers, Architects, Professional Engineers, Land Use Planners and Real Estate Brokers). The strength of our Association is the diverse perspective that our members bring to land economics issues as a result of their many professional disciplines. This provides for checks and balances and for thoughtful discussion before our Association comes forward with positions on public policy. It will continue to be a goal of Council to position our Association as a multi-disciplinary and respected voice for land economics.

Many businesses and organizations today are pursuing strategic alliances with others, to their mutual benefit and strength. I am pleased to say that we are presently examining opportunities for working with professional organizations such as the Canadian Urban Institute and the Washington, D.C. based Urban Land Institute. Our own objective to add to the quality of debate on urban policy and land issues is very much at the forefront of both of those organizations.

Indeed the new President of the Canadian Urban Institute, John Farrow, is a past President of the Ontario Land Economists. Council looks forward to pursuing opportunities for working jointly with John's organization, which is at the forefront of urban development policy and advocacy, both in Canada and internationally.

The Urban Land Institute, with some 13,000 members, has expressed a strong interest in starting a "Toronto District Council". A half-day "kick-off" forum, with internationally recognized speakers, is presently being planned for early next year at the Glenn Gould Theatre in the CBC complex in downtown Toronto. We have agreed to participate with ULI and Ontario's Urban Development Institute in sponsoring the forum. In fact, I recently went to Philadelphia, Pa., to attend ULI's Fall Conference and to work out further details.

I wish to end this message by thanking the membership, and specifically members of Council, for continued support of our Association. In the end, what Land Economics is all about is City-building. I thank you for letting me serve on Council and for entrusting me with your confidence as your President. I look forward to seeing as many of you as possible at our Dinner Meetings, and other future events.

Edward R. Sajecki
P.Eng., MCIP, PLE

Members' Affairs

For our first Members' Affairs column, we'd like to welcome those who have become full voting members over the past year.

Tony Reale, PLE, senior economic consultant with the firm C.N. Watson and Associates Ltd., Mississauga.

Joseph T. Gummerson, AACI, AIMA PLE: senior accounts manager for business banking with National Trust Co. in Brampton.

David Waters, MCIP, PLE: policy planner III, land use and economics, with the City of Brampton Planning and Building Department. David has just upgraded from an associate member to a full voting member.

Jim Demetre Melioumis, AACI, AIMA, PLE: senior appraiser with JMS Real Estate Appraisers and Consultants Ltd., Willowdale.

Michael W. Telawski, RPP, MCIP, PLE: principal, Infiniti Development Management, Oakville.

L. Joanne Dawe, AACI, FRI, AIMA, PLE: broker and appraiser with Harvey Dawe Realty Ltd., Lindsay.

Vincent Baffa, PLE, development consultant with Evergreen Development Consultants Ltd., Weston.

Michael William Cavanagh, AACI, AIMA, PLE: senior commercial appraiser and licensed real estate sales representative with JMS Real Estate Appraisers and Consultants Ltd., Willowdale.

Robert G. Naiden, AACI, PLE: president, Monarch Appraisal Services Ltd., Mississauga.

Michael J. Mulvale, AACI, PLE: partner in the Toronto real estate appraisal firm, Rajesky, Mulvale Ltd.

Geoffrey Grayhurst, AACI, PLE: vice president of The Morassutti Group, North York.

In addition, **Chris David Gower,** estimator with PCL Constructors Canada Inc., has been accepted as an associate member.

In our next issue, the Members' Affairs column will also feature member news and company announcements. Please keep us informed of appointments, new projects, etc. Call Jim Appleyard at (416) 447-3949 or Rowena Moyes at (416) 466-9829, (fax) 466-6829.

The Legislative Beat

by Andy Morpurgo, MCIP, PLE

Well before the June Election this year, the Conservative party had announced changes to policies and legislation and a new approach to business in its "Common Sense Revolution".

Some changes have already been acted on, like the abolition of Bill 40 (labour legislation) and cuts in welfare payments.

Much more is to come. As I write this, we are expecting an Economic Statement from the Treasurer on November 29. This will be the keynote for the coming year. It will deal with many cuts in government funding to various Ministry programs, including transfer payments to municipalities.

GREATER TORONTO AREA

As Dr. Anne Golden's report gets polished for its January public release, various regional and local municipalities' positions are tending to coalesce: all of it has ended up in the lap of Minister of Municipal Affairs Al Leach, for the next step.

Broadly speaking, the issues to be resolved are: assessment and taxes at the local level, services, single- or two-tier administration, reduction in the number of administrative centres to provide the best possible system for the region. Transfer payments for welfare and education are also being reviewed.

PLANNING ACT

An amending Bill was tabled just as this Journal went to press, bringing "surgical changes" to the Planning Act. A major change is the return to the "have regard for" wording in the clause referring to municipal planning compliance with provincial guidelines — rather than the more rigid "be consistent with". There is a shortening of time frames for processing and approval or otherwise of applications. Guidelines in each affected Ministry are also being reviewed: the emphasis is on less Provincial involvement in policy matters. The Ministry hopes to have final approval next spring.

MUNICIPALITIES

The Municipal Act is going to be amended to give greater latitude to municipalities, but also to reflect policies to have fewer municipalities by amalgamations, reduction of two-tier systems to only one, etc.

The provincial grants payable to Municipalities will undergo substantial changes. Although less money will be allocated overall, the province will give greater spending freedom to municipalities, by reducing conditional grants and relying more on unconditional grants.

The Niagara Escarpment Commission is likely to see changes, with more authority transferred to municipalities.

The Ontario Municipal Board will continue its operations: the use of mediation officers has enabled the time frame for a hearing to be reduced to six months. There may be changes for referrals of minor variances to the OMB.

MEDIATION COURSES

Speaking of mediation, the Provincial Facilitator's Office has organized mediation courses in co-operation with the Ontario Professional Planners' Institute (OPPI) and the Society for Conflict Resolution in Ontario.

These are four full day courses in Toronto and in Waterloo. If interested, call OPPI at (416) 483-1873 or 1-800-663-1448.

HOUSING

This area has been targeted for major cuts. As a first step, all co-op, non-profit and supportive housing projects were frozen. Projects that had not reached construction stage were cancelled — so far, about 385 of them.

The new administration has been questioning the need for the state to be in housing construction. One aim was to dispose of the Ontario Housing Corp. Ministry staff are developing options for the short and medium term. The matter, like most housing programs, is complicated by the participation of the federal level through CMHC, while the feds are also reviewing their approach with a view to cutting costs.

A four-point plan will likely be adopted to:

1) protect tenants from unfair rent increases
2) improve the standards of maintenance, safety, etc.
3) increase the supply of housing by the private sector
4) adopt a form of shelter subsidy

But will the market actually resume building rental and affordable dwellings? The effect of GST and PST on builders is being studied, as well as other tax incentives — many of which are in the federal domain and are also being reviewed by the feds.

These exercises by the Federal and provincial administrations remind one of a pair of jugglers with too many balls in the air!

One of the problems for Housing is where to save the money needed for shelter subsidy allowances, especially in the face of general funding cuts to all programs.

RENT CONTROLS

Several options for the gradual elimination of rent controls are being considered. The approach used in BC and Quebec is one option, where owner and tenant negotiate rent increases, with mediation for conflict resolution.

BILL 120

This allowed the creation of a second residence in single family homes. The PC government thinks municipalities are in a better position to make decisions on this subject, so look for this Bill to be canned. Units that have been established will be allowed to remain.

ONTARIO BUILDING CODE

Work has started on a revised code, to be ready by 1997. The emphasis will be on cost/benefit consideration of the requirements. The Fire Code, Elevator standards, electrical codes, etc. will also be a party in the review.

LAND INFORMATION SYSTEM

Work is proceeding on the Ontario Land Information System, based on the Ontario base mapping of MNR. Standards are being developed for data and inventory systems. When ready, the information will be available free or on a fee basis to the public.

ENVIRONMENTAL ASSESSMENT

Ontario's Environment Minister announced some time ago that the Environmental Assessment Act would be reviewed to improve efficiency, especially in waste management, and to reduce delays. Details should be available early next year.

Too bad our journal is coming out ahead of the Economic Statement by the Ontario Treasurer, as most of our information here is speculative and will be superseded by the Statement information!