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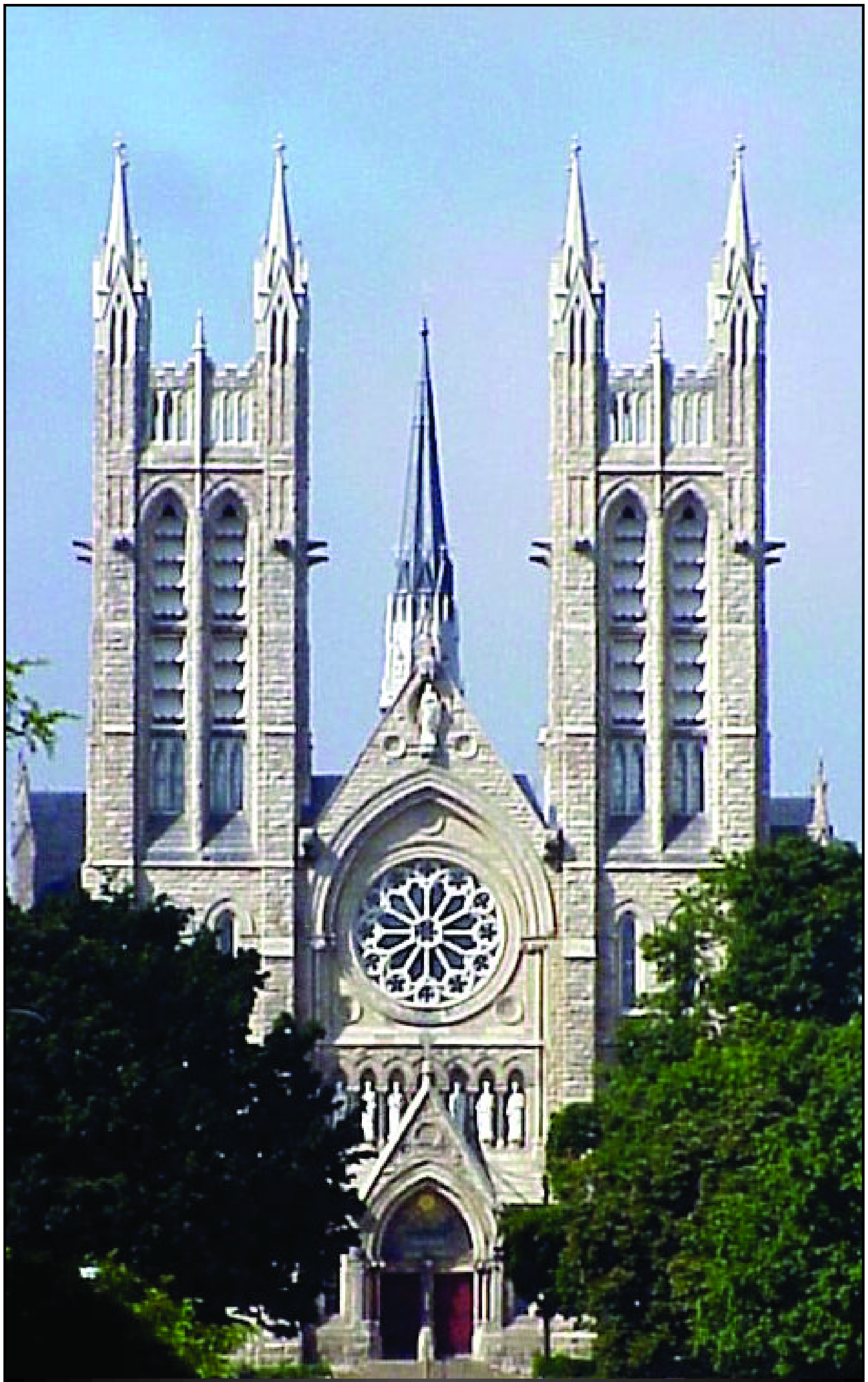
1235 Bay Street, Suite 400
Toronto, Ontario M5R 3K4
Tel: (416) 934-5166
Fax: (416) 969-8916
Website: www.aole.org
Journal editor: rmoyes@idirect.ca



The Church of Our Lady, built on the highest point in Guelph, overlooks one of Canada's fastest growing cities. See pages 4-5.

PHOTO COURTESY OF CITY OF GUELPH, ECONOMIC DEVELOPMENT DEPARTMENT

Speculation heads beyond fringe

by Steve Hurst P.Eng

Since the Greater Toronto Area's unprecedented housing sales in 2002, developers have been clamouring to snap up the remaining residential land on the market – particularly parcels with low and medium density potential.

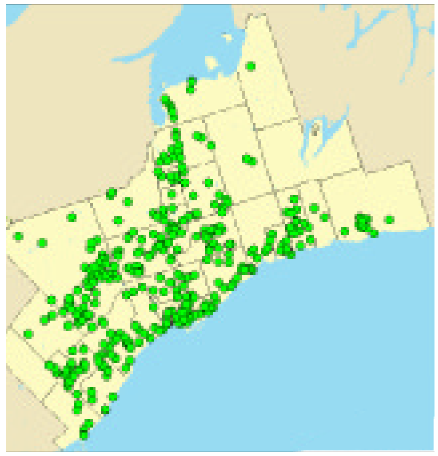
And while some developers are responding to current demand, others are focused on the future. Despite new greenbelt legislation limiting development outside urban boundaries, speculators are running rampant in areas beyond the fringe.

Getting a piece of the action

To keep pace with continued high demand for new homes, and to protect themselves from new provincial land restrictions, developers are eagerly acquiring land. According to RealNet Canada, residential land sales have boomed since the housing market's peak sales year of 2002. The cumulative land area and the dollar volume of those sales demonstrate the fervour buyers are bringing to the marketplace. (See charts below.)

While developable residential land is not necessarily scarce, little of it is on the market. Those who planned ahead are holding tight to parcels previously secured, and other land owners are waiting to see if the market gets hotter before cashing in. This helps to explain the slight drop in the number of residential land deals in 2004.

MAP COURTESY OF REALNET CANADA INC.



Residential land sales in 2004 (greater than $1 million) in the area stretching from Lake Simcoe to Lake Ontario

The scarcity of parcels for sale is driving prices up. Despite the lower number of deals and lower total acreage, a total of $1.96 billion was spent on residential land last year – the highest total in the past ten years. When owners are putting their land up for sale, they are asking a premium, forcing those who did not plan ahead to pay the price. For instance, low density land prices rose 47 per cent from 2003 to 2004, as noted in the low density land chart on page 3.

New long-term markets

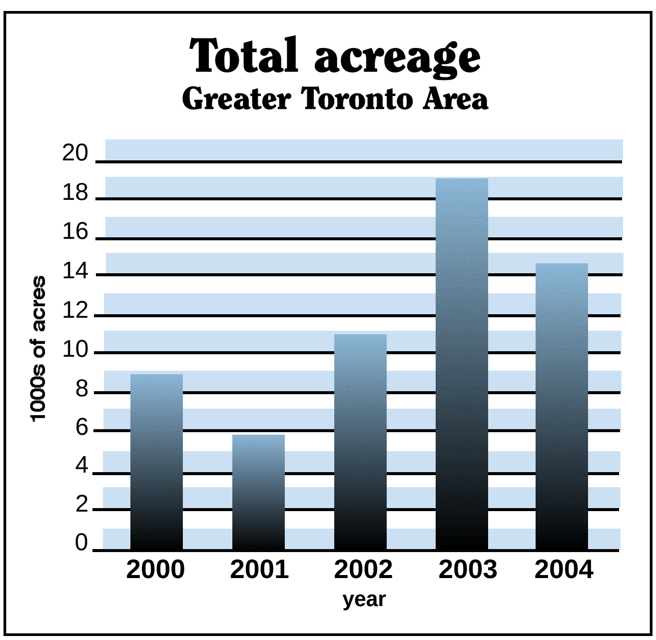
The tight market has convinced some to look beyond proven locations. Developers are considering markets past the fringe – East Gwillimbury, Georgina, Brock – where land is still readily available in large parcels.

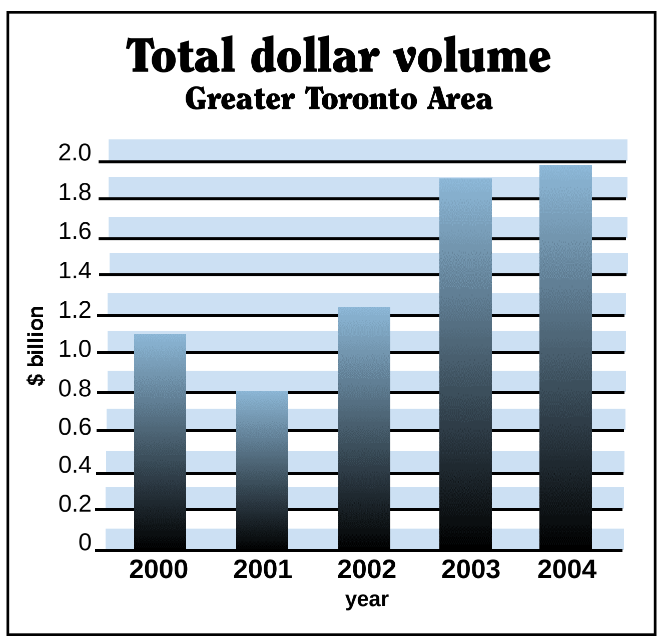
In 2003 and 2004, the combined acreage of long-term land sold was more than two-and-a-half times that of the previous three years (2000, 2001 and 2002).

Spending on long-term land increased 175 per cent from 2002 to 2003, and was another 20 per cent higher in 2004. This type of land is typically available at a lower cost than land ready for development, making it easier to purchase large tracts.

While cheaper, this type of land often represents a greater risk to developers, because the land is not yet designated for residential use in local official plans.

Securing these changes and achieving appropriate zoning is always a long and complex process, so developers have to be able and willing to carry the cost of

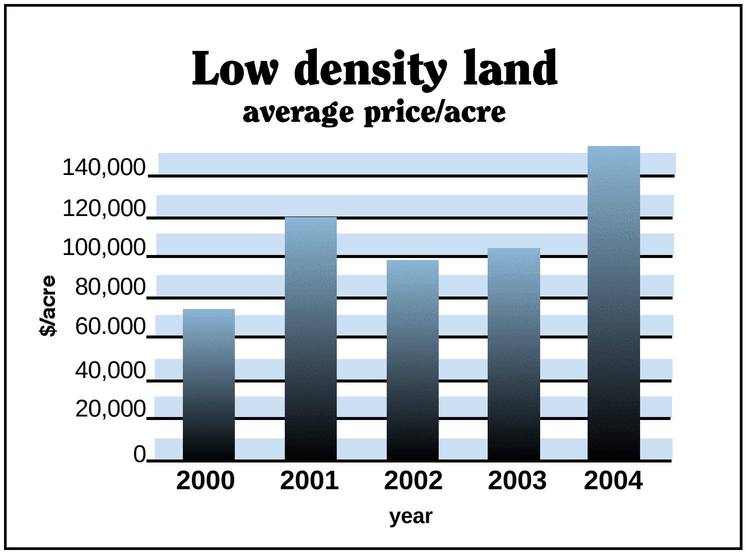




the land over long periods. Obviously, many are prepared to take this risk. RealNet Canada numbers show a 180 per cent increase in the number of long-term land transactions from 2002 to 2003, and an additional increase of 3.5 per cent in 2004.

The result is a seller's market, fuelled by continued consumer demand for housing and limited land parcels on the market. Developers who waited to get in may find themselves paying a higher price for land – even when the only development prospects are years away.

Steven Hurst is Vice President of RealNet Canada Inc., a company offering commercial and residential real estate information services in the Toronto, Calgary and Vancouver markets.



Welcome New Members

Ralph Eades
BA, PLE
Management Board Secretariat
416-212-5161
Ralph.Eades@mbs.gov.on.ca

Naomi Irizawa
BES, PLE
Ontario Realty Corporation
naomiiriz@yahoo.ca

John Weir
BSc, P.Eng, AACI, PLE
John D. Weir and Associates Inc.
416-225-0381
jdw@johndweir.com

Douglas Wong
AACI, PLE
D. Wong and Associates
416-369-9129
dwongandassociates@rogers.com

Greg Zala
MES, MCIP, RPP, PLE
Ontario Realty Corporation
416-327-3724
Greg.Zala@orc.gov.on.ca

Distillery tour views one-of-a-kind world

Ontario Land Economists recently got a unique look at Toronto's historic Distillery District

The leader of the AOLE-hosted walking tour was Lance Alexander, a City of Toronto Planner/ Strategic Consultant who played a key role during the conception and implementation of the development vision for the Distillery District over a 13-year span.

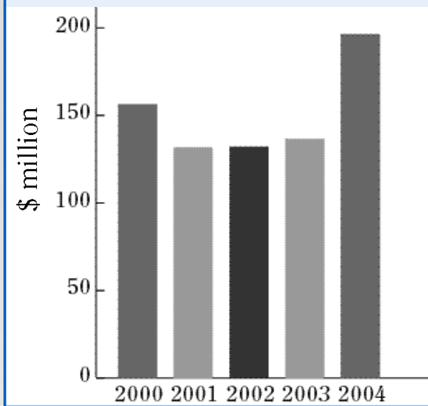
His commentary gave lively insight into the collaborative effort which — despite changes in ownership, economic hurdles and delays presented by market constraints, environmental issues and the challenge of sourcing period replacement materials — allowed the historic buildings and their interiors to come back to life within an appealing framework of new development.

At the end of the tour, some 30 attendees had drinks and appetizers at the Mezzanine level of the Boiler Room Restaurant, sampling first-hand several unique brews from the district's brewery and enjoying the area's one-of-a-kind ambiance.

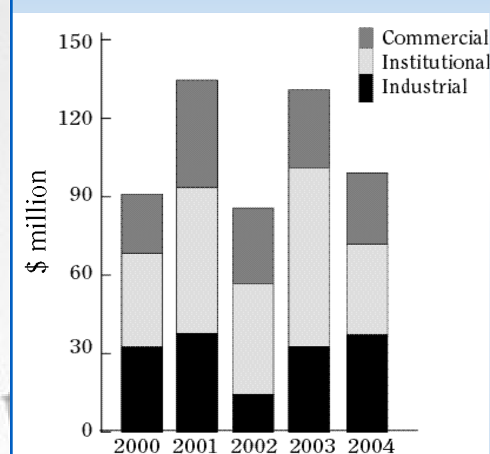
Growing opp

by Peter C

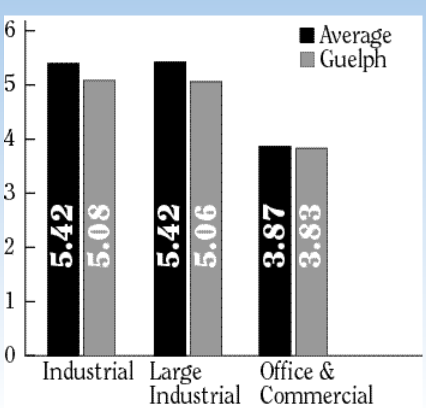
Building permits residential



Building permits ICI



Property tax rates



CHARTS AND PHOTOS COURTESY OF CITY OF GUELPH, ECONOMIC DEVELOPMENT DEPARTMENT

Founded on St. George's Day, April 23, 1827, Guelph is considered one of the first planned towns in Canada. The location was picked by a popular Scottish novelist named John Galt, whose design was intended to attract settlers to the town and surrounding countryside.

Galt's plan was quite imaginative, based on a series of streets radiating from a focal point at the Speed River, and resembling a European city centre, complete with squares, broad main streets and narrow side streets, resulting in a variety of block sizes and shapes.

Profile and demographics

Located in the heart of southern Ontario, just 100km west of Toronto, Guelph is a vibrant community of more than 106,000 people. Projected to reach 123,000 people by 2006, it is the third fastest growing city in Ontario. Of the 34 cities in Canada with populations over 100,000, Guelph is 30th.

The city ranks sixth in per capita income, with average incomes higher than the national average, and fifth in per capita annual retail sales. The population is younger and more highly-educated than many other centres of the same size or larger. The unemployment rate consistently tracks lower than the average in Ontario or Canada.

Economy

Guelph has a strategic location, within a single day's drive of a potential customer base of over 120 million people. With one of the premier research universities, a variety of manufacturing, service, and high-technology enterprises, it is among the fastest growing economic regions in Canada.

Its diverse economic base has no dominant sector, with the majority of existing companies employing fewer than 100 persons. However, there is a strong, advanced manufacturing background here that employs 25 per cent of the total labour profile, or approximately 16,000 workers, and includes over 700 companies. This has a $3 billion local economic impact.

Due in large part to the presence of the University of Guelph, there is a growing and dynamic cluster of activity in the areas of agriculture, food, health and bioproducts. Most recently, Guelph has been identified as one of seven innovative biotech hotspots in Canada, and the top agricultural biotech cluster in Ontario.

Along with other community partners – such as Guelph Partnership for Innovation and the University of Guelph – the city's Economic Development Department has devoted numerous resources to develop an ambitious strategy for life science growth in the city.

Development trends

The total value of building permits issued in 2004 was $295.7 million, an increase of almost $30 million over last year.

The largest increase was due to residential permits, which accounted for $196.2 million, an increase of 43.7 per cent over 2003, and provided for 1,420 additional dwelling units. Commercial building permits were also up by 13.7 per cent over last year, for a total of $32.7 million.

Both industrial and institutional permits were down from the previous year. The value of industrial building permits issued in 2004

portunities in Guelph

Cartwright BA, MCIP, PLE and Jennifer Peleschak BA

totaled $27.3 million, a decrease of 8.4 per cent. New construction and additions provided for 529,000 sq. ft. of additional industrial space.

The value of institutional building permits issued in 2004 came to $34.7 million, a decrease of 49.2 per cent compared to 2003.

As of the last quarter of 2004, Guelph's office market vacancy rate was 8.8 per cent, with an inventory of 1.4 million sq.ft. and an average lease rate of $10.50 per sq.ft per year.

In the same reporting period, Guelph's industrial market vacancy rate was 0.9 per cent, with an inventory of 17.5 million sq.ft. and average lease rate of $5.51 per sq.ft. per year.

Employment land

The City of Guelph is the major developer of industrial lands in the city. In 2004, we had our best year for municipal land sales in the past five years, selling out our York-Watson Industrial Park. To keep up with the demand for land in Guelph, the Economic Development Department is addressing this need in two ways.

First, the Department is working hard to bring on the new Hanlon Creek Business Park – a 675-acre master-planned, mixed-use space. This new park offers investors a location that is unique to this part of the country – it will offer a campus-like setting, with a wide range of permitted uses and lot sizes, to accommodate most requirements.

Second, the Department is working with other property owners to market and sell land for industrial purposes. The most recent success in this area was the attraction of the new Tim Hortons distribution centre. Phase One will see the construction of an approximately 150,000 sq. ft. facility. Upon its completion, 300 new jobs for Guelph will be created.

Another major project is the 60,000 sq. ft. Ontario AgriCentre being built by Peter Hannam and J. Lammer Developments Ltd. on lands leased from the University of Guelph. Located opposite the Ontario Ministry of Agriculture and Food's head office, it is scheduled to open in the fall of 2005.

Municipal initiatives

A Downtown Advisory Group (DAG) will work with a consultant and stakeholders on public sector investments to stimulate more private investment in the city's core. It is expected to report by July 2005. Public input will be an important component of the consultation process.

The municipality is also working on plans to ensure sustainable water supplies for the next 50 years. Ontario's new Places to Grow plans will also have important impacts over the coming years.

Conclusion

Guelph is encountering rapid growth, and the need for long-range planning is being addressed by the current council. With its unique character and desirable location, the city will continue to attract both residents and business.

Peter Cartwright is Director of Economic Development for the City of Guelph. Jennifer Peleschak is Marketing and Research Coordinator in the City's Economic Development Department.

St.George's Square in downtown Guelph.

The Royal City

Guelph is often referred to as "the Royal City". That's because founder John Galt chose to give it one of the family names of the British royal family. Guelph had apparently never been used as a place name before. A popular Scottish novelist, Galt also happened to be Canadian superintendent for a British development firm known as the Canada Company, which was setting up its headquarters here in southern Ontario. As the man in charge, he got to choose both the name and the location for the new town in 1827 — and started off the nickname still heard almost 180 years later.

Targets are not enough

by Tony Volpentesta MScPl, MCIP, RPP, PLE

The province's recent foray into regional planning and "infrastructure initiatives" has been ambitious to say the least.

The success of its proposed plans for managing growth in the region for the next 30 years depends in no small part on the real potential for intensification. That will need much more than just "targets".

On Feb. 16, 2005, the province released its Draft Growth Plan.[1] The draft embeds a target for intensification which it describes as "a median between our current achievement and international goals." It also has a lenient phase-in period -- all municipalities within the GTA and Hamilton must have 40 per cent of all new residential development occuring within their built-up areas by 2015.

The draft plan largely reflects the recommendations of the technical paper entitled *Application of a Land-Use Intensification Target for the Greater Golden Horseshoe* (GGH), by Urban Strategies Inc.[2]

The starting point of this technical paper is the 40 per cent intensification target embedded in the Places to Grow discussion paper.

It applies a comparative research approach through interviews with planners in Australia (New South Wales), the United Kingdom and British Columbia (Greater Vancouver Regional District).

The paper defines intensification areas as "lands within the Built Boundary that are to be the focus for accommodating more intense development." It makes a qualitative preference that they should include areas where development would contribute most to "nodes-and-corridors-based, transit-supportive urban structure".

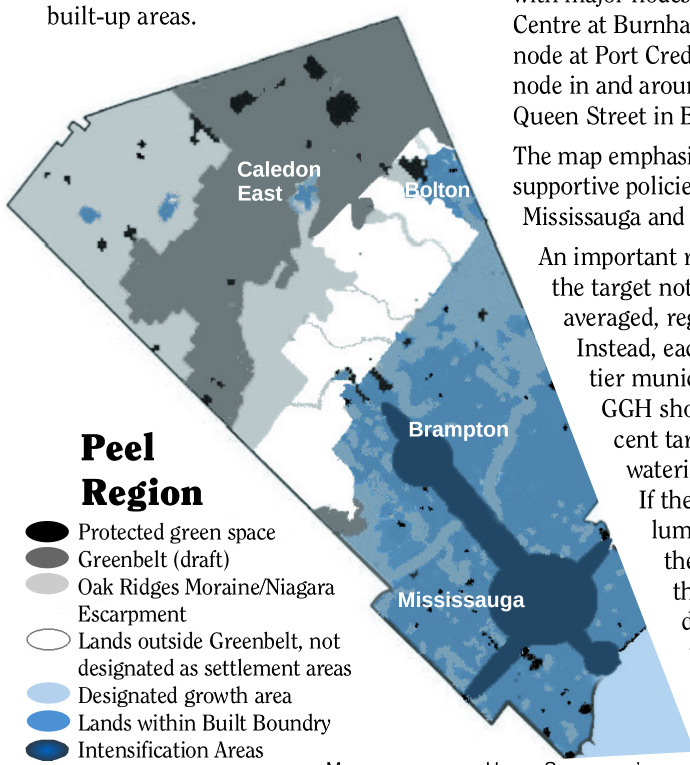
The new draft Growth Plan sets out urban growth centres and intensification corridors, as well as calling for sub-area growth strategies.

Such statements should make policy makers in jurisdictions such as York Region very happy. They have been actively promoting a transit-supportive approach along Highway 7 for several years.

The paper acknowledges at the outset that a target of 40 per cent for the GGH would be "significantly lower" than in the other jurisdictions studied. Their targets are between 60 and 80 per cent.

So how are municipalities in the GGH stacking up so far? Surprisingly, most municipalities in the GGH "do not formally track intensification levels."

Based on the very few GGH municipalities that have tracked this, roughly 15 to 20 per cent of residential growth is taking place inside existing built-up areas.



Mapadapted from Urban Strategies' report

The Hemson Growth Outlook forecast says 16 per cent of the population growth is to be accommodated through intensification. The Hemson report acknowledges that most of this would take place in the City of Toronto whose growth is by definition de facto 100 per cent intensification.

Given the paucity of existing intensification data in the GGH, the report recommends that data be collected to allow for a clear baseline figure to be established. Other jurisdictions studied have established a clear starting point for their targets.

Urban Strategies proposes that a "minimum of 40 per cent of new residential development" must be on lands within the Built Boundary as it exists as of a common date, presumably Spring 2005. The Growth Plan "should direct that nodes, corridors and other Intensification Areas will receive the majority of units developed within the Built Boundary, so as to move the GGH towards a transit-supportive, compact urban structure."

The report's one illustration of the concepts being addressed is the map of Peel Region. Intensification areas are predictably located along Hurontario St., with major nodes at the Mississauga City Centre at Burnhamthorpe Road, a smaller node at Port Credit and an intermediate node in and around Main Street and Queen Street in Brampton.

The map emphasizes the intensification-supportive policies already found in the Mississauga and Brampton Official Plans.

An important recommendation is that the target not be applied as an averaged, region-wide figure. Instead, each single-tier or upper-tier municipality within the GGH should reach the 40 per cent target individually, to avoid watering down the effect. If the City of Toronto were lumped in with the rest of the GGH, it would skew the target so much that development patterns would not have to change significantly outside the City of Toronto.

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1 See www.pir.gov.on.ca, "Draft Growth Plan for the Greater Golden Horseshoe".

2. Two other papers were released at the same time: A Current Assessment of Gross Land Supply in the Greater Golden Horseshoe (Ontario Growth Secretariat, Ministry of Public Infrastructure Renewal) and The Growth Outlook for the Greater Golden Horseshoe (Hemson Consulting Ltd.). The ministry's overview and both papers can be viewed at www.pir.gov.on.ca through the link "Places to Grow Technical Papers, Winter 2005."

I recommend members look at Hemson's thorough and very readable Outlook document. It's laden with the kinds of "sidebar" graphs and charts that frequent readers of The Economist magazine have come to know and love. I also look forward to the Urban Development Institute's response to the government claim that "there is enough land available to meet the needs of future growth to 2031."

A major conclusion of the paper is that "effective intensification is achieved through the application of a package of supportive policies and tools, and not through targets alone."

Other components of the package should include "enabling policies and programs such as requirements for minimum densities, maximum parking standards, economic development tools and simplified development and approvals processes."

Tools could include Tax Increment Financing zones, Community Improvement Plan designations, capital funding for public transit, creating municipal development corporations, relaxing and/or fast-tracking environmental assessment requirements for projects in Intensification Areas. A monitoring and review mechanism is also proposed.

Other recommendations include:

- Designated Settlement Areas "be fixed for a set period of time and that expansions only be considered for settlement areas that have achieved a high level of intensification."
- Sub-area working groups prepare intensification strategies to include identifying current intensification levels, identifying intensification areas and developing a phasing strategy.

Commentary

What is patent is that the recommended target is clearly a placeholder. The achievement of a target can only be of any value after the current level of intensification has been confirmed. In addition, establishing a target in the absence of real incentives to promote intensification (e.g. a serious capital commitment to public transit) is clearly pointless.

Over the 15 years I have been a practising planner, there has been no shortage of "promoting intensification" through policy initiatives.

The current Provincial Policy Statement and virtually every single Official Plan in the GGH already extol the virtues of intensification and identify areas for intensification.

It is my hope that more time and effort is spent on creating meaningful "carrots" to promote intensification, and the target is nothing more than an instrument for measuring success.

Tony Volpentesta is a partner with the firm Bousfields Inc., a Toronto-based land use planning consulting firm.

The Legislative Beat

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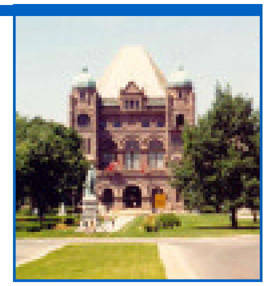


Associations (COCA) over this bill. If passed, it would impose environmental penalties of up to $20,000 per day for individuals or $100,000 per day for companies responsible for illegal spills or emissions, whether they are accidental or deliberate. Environmental penalties would be assessed by ministry officials within a few days of a spill.

Dombrowsky has indicated that the primary purpose is to foster compliance, not punishment, and that the funds generated would be used to compensate local communities for clean-up costs. The penalties would not be applied against municipalities or agricultural operations, only potentially the 140 companies covered by the Municipal/Industrial Strategy for Abatement regulations.

COCA is concerned that the Minister is seeking to impose absolute liability for environmental penalties and that the bill would make due diligence worthless. It would also erode the practice of industry working collaboratively with MOE. COCA has issued a formal complaint with Ontario's Environmental Commissioner because it appears that the government is side-stepping its own Environmental Bill of Rights (EBR) process by not considering comments that have been made as a result of the EBR posting.

Environmental report

Every year, Gord Miller, Environmental Commissioner for Ontario (ECO), releases a report with recommendations for the Province of Ontario. *Choosing our Legacy*, released late in 2004, contains over 200 pages.

In one commentary, the ECO points out that "Ontario seems to have lost sight of how important it is to control what goes into sewers." There are more than 12,000 industrial, commercial and institutional facilities that rely exclusively on municipal sewage systems to treat their waste, it states.

While Ontario's modern sewage treatment plants are fully capable of treating human waste, they are incapable of breaking down metals and persistent organics. So, these toxic products are released untreated into Ontario's lakes and rivers.

ECO concludes that the release of toxic effluent has increased in part because MOE turned over the responsibility for sewer use by-laws to municipalities in the mid-1990s.

The commissioner states that "regrettably, the Ministry of the Environment has quietly backed away from its policy of requiring that all municipalities have sewer use by-laws."

City of Toronto Act

Discussions are proceeding over new powers and tools to finance a range of services that are now funded primarily through the property tax base.

Premier McGuinty says that the legislative and fiscal straitjacket should be removed so that Toronto can function more effectively. Indeed, Queen's Park is hoping that, once the new Act is passed, the City will not come cap-in-hand every year to the Province for a so-called bail-out.

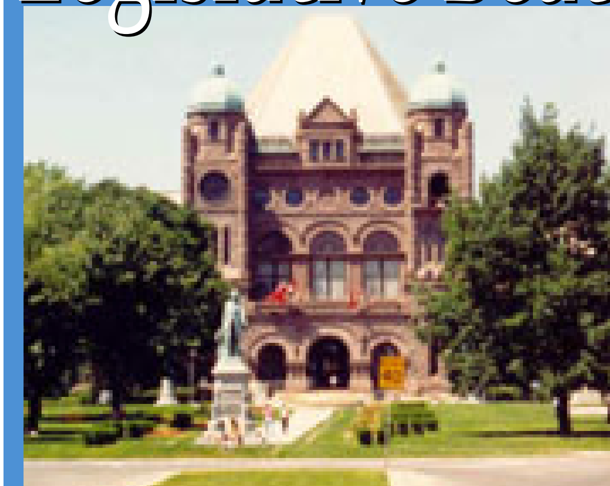
The Mayor agrees that this initiative is a priority, but certain pundits think that implementation of new taxing powers might not be the most popular thing to do prior to a municipal election.

Full slate for March 17 by-election

John Tory, Leader of the Progressive Conservative Party of Ontario, will be contesting a seat in the legislature in the riding of Dufferin-Peel-Wellington-Grey. Others in the race include Bob Duncanson (Liberal), Lynda McDougall (NDP) and Frank de Jong (Green Party). Former Premier Ernie Eves currently holds the seat.

Andy Manahan is Development Promotion Representative, Universal Workers Union, Local 183, and 2004-5 President of the Association of Ontario Land Economists' Council.

The Legislative Beat



by Andy Manahan PLE

Feb. 23 Federal budget
The budget confirmed that $5 billion in gas tax funding will be delivered over five years across Canada, starting at $600 million in 2005-06 and rising to $1 billion by 2009-10.

Ontario municipalities will receive a total of $1.865 billion to be spent on environmentally sustainable infrastructure such as public transit, water and wastewater systems, community energy systems, solid waste management and rehabilitation of roads and bridges. Federal Finance Minister Ralph Goodale announced that gas tax funding would continue indefinitely and that this program would not be a substitute for existing infrastructure programs.

Ontario's Finance Minister, Greg Sorbara, busy preparing his own budget, expressed disappointment that the $23 billion funding gap was not narrowed. That gap is the difference between what Ontario residents send to the federal coffers and what Ottawa returns to the Province. Premier Dalton McGuinty identified a fix: Ontario should receive $3,800 per immigrant from the federal government, the same as Quebec, rather then the $800 it now receives.

Places to Grow Act
The Hon. David Caplan, Minister of Public Infrastructure Renewal (PIR), released the *Draft Growth Plan for the Greater Golden Horseshoe* (GGH) on Feb. 16. Public consultation will be held before the *Places to Grow* bill is enacted in the legislature.

The Province believes that growth planning is critical "to maintain the quality of life necessary to attract and retain the highly educated people Ontario needs to compete in the knowledge economy." The Plan recognizes that infrastructure provision will be a major factor affecting the location of growth in the GGH.

Growth strategies will be developed on a sub-area basis and these will cut across municipal boundaries so that infrastructure investment can be better coordinated and prioritized.

Only the Minister of PIR will be able to amend the Plan. It is proposed that reviews of Growth Plans be undertaken every 10 years.

In late January, the Ontario Growth Secretariat released three technical papers as part of the government's efforts to develop a long-term growth plan.

According to one report, *The Growth Outlook for the Greater Golden Horseshoe*, the pace of growth is more rapid than previously anticipated. To accommodate this growth there will have to be a shift in housing choices away from traditional, lower-density projects. Currently, 54 per cent of new housing is single and semi-detached, with 16 per cent row housing and 28 per cent apartments.

Under the most aggressive scenario, it is envisioned that by 2021-2031, densities will be much higher: only 26 per cent single and semis, 22 per cent row and 52 per cent apartments.

Greenbelt Act
Originally, the one-year moratorium on urban development within the Greenbelt study area was set to expire on Dec. 16, 2004, with the intent of bringing in legislation either on or before that date. On Dec. 8, the Hon. John Gerretsen announced that the moratorium would be extended until March 9, 2005 to allow for more consultation.

Public hearings on Bill 135, *The Greenbelt Act*, were held in early February and the all-party committee heard polarized views. Some groups called for an enlargement of the 1.7 million acres already contained in the draft greenbelt (this includes 225,000 acres in the Niagara Escarpment Plan and 470,000 acres in the Oak Ridges Moraine Conservation Plan).

The Neptis Foundation commentary on the draft plan states that "most of the region's environmentally sensitive lands and features, and much of its prime agricultural land, lie outside of the proposed Greenbelt and are already facing strong development pressure."

Neptis concludes that the greenbelt "would not generally serve as an effective growth management tool, at least not for several decades."

Developers and builders tend to support the principles of a greenbelt but warn that property values will soar as a result of restrictions on land supply. The Urban Development Institute/Ontario recommends that the government complete the growth management plan for the GGH prior to passing Bill 135. In addition, an infrastructure plan must be in place as part of the growth plan.

Farmers were well represented at the public hearings, with many inside the greenbelt calling for compensation from the Province.

The provincial Tories have dubbed the plan a "Greenbotch" and want the government to "take the time to get it right." The party states that "the boundaries of the greenbelt must be based on science and not arbitrary lines or political considerations."

Environmental Enforcement Act
Environment Minister Leona Dombrowsky is facing criticism from the Council of Ontario Construction

See Legislative Beat page 7