The Land Economist

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Association *of* Ontario Land Economists

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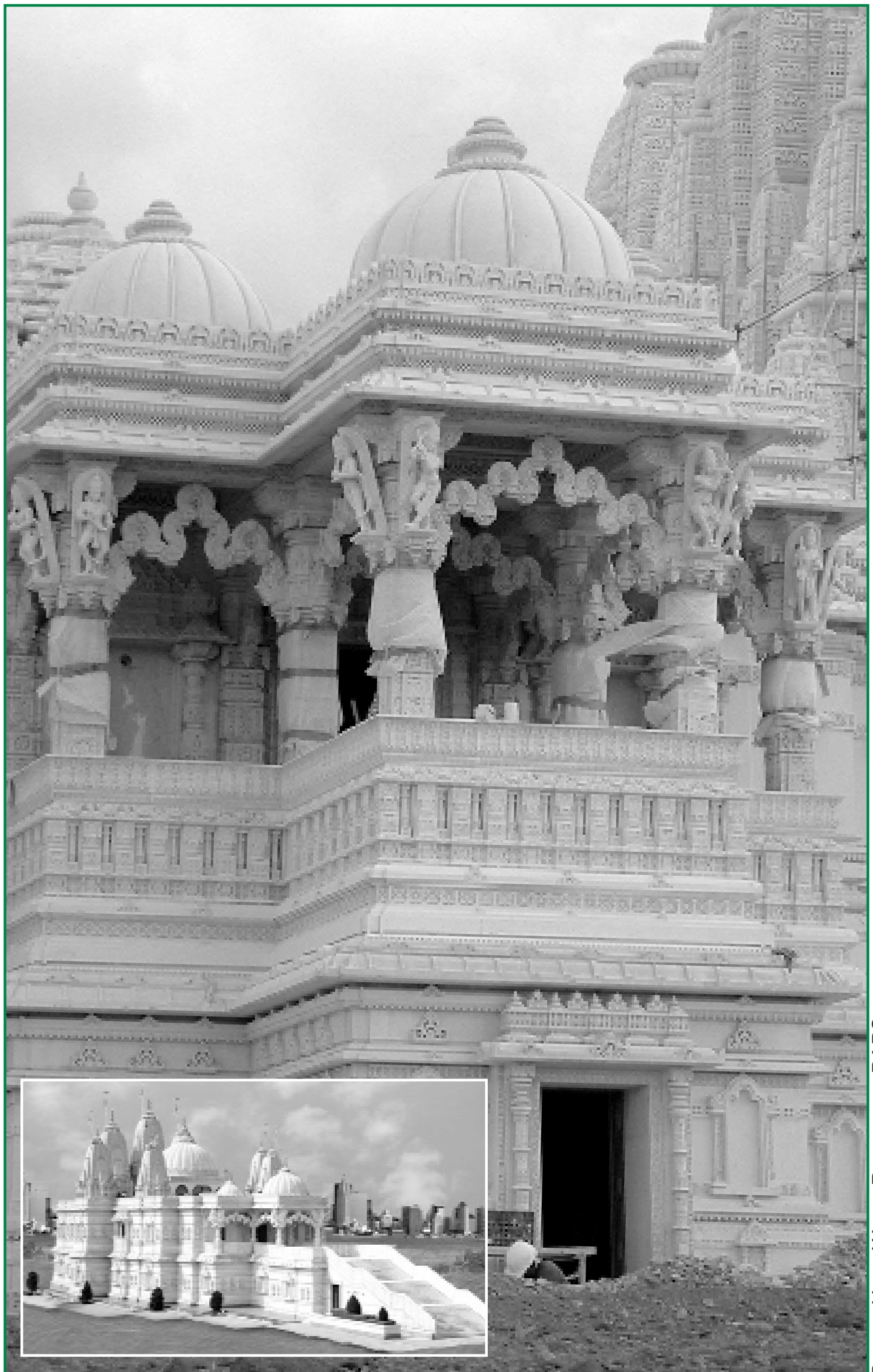


PHOTO: HERB WARE, RENDERING: BAPS

Crews worked around the clock for the July 22 opening of the Sri Swaminarayan Mandir Hindu temple, at Hwy 427 and Finch Ave, Toronto. Assembled without steel connectors or framing, from 24,000 pieces of stone and marble hand carved in Indian villages, it stands in rich contrast to standard North American architecture.

Southwest Ont: a seller's market

by Brian M. Knowles
AACI, PApp, FRI

With the rather notable exception of Windsor, the residential apartment sector in most of southwestern Ontario continues to be a sellers' market.

Like non-real-estate investment markets at the moment, though, it looks like there is too much money chasing too few assets. This is producing higher property values as buyers compress their expected capitalization rates and their expected returns on equity – all of which increases the potential for future economic pain for under-capitalized investors.

Historically low interest rates have been allowing investors to obtain leverage returns on equity in the four- to six-per-cent plus range, so demand for multi-family investment properties remains exceptionally strong.

Transglobe, Homestead and Skyline have expanded the size and diversity of their portfolios across this region significantly over the past five years, with new investors such as Interrent REIT increasing demand for the product.

In fact, as an appraiser, I'm starting to get worried about capitalization rates. Upward movement in bond rates and mortgage rates should translate into increased capitalization rates. However, with the significant demand and availability of cash by investors and investment groups we're seeing flat rates, and some signs of continued downward pressure!

Larger investment companies who have acquired product over the years at cap rates starting in the 10 per cent plus range may be able to pay 5 to 6 per cent cap rates now and still show an attractive overall return on their portfolio. But new or under-capitalized players will have difficulty maintaining a reasonable return on investment – should they be 'lucky' enough to outbid the herd!

With increased vacancy in most reporting areas, there is not much room to increase rents this year. And the provincial benchmark for 2008 rent increases has already been established at 1.4 per cent — the lowest since rent controls were introduced in 1975.

Increases in real estate taxes (mostly between 2 and 4 per cent for 2007), utilities, insurance and ongoing maintenance will put renewed pressure on Net Operating Incomes. Management of these assets will continue to be an important factor in the success of the investment over the short and long term.

When Interrent REIT purchased three high rises at an estimated cap rate of 5% it established a new low for cap rates in London.

Major developers such as Tricar Group, Drewlo Construction, Old Oak and Auburn Developments have announced or are in the process of bringing a significant number of new upper-end rental units, especially to London and Waterloo. Not since the late 1980s have we experienced so much in the way of new apartment construction. But the demand continues.

Maestro Real Estate Advisors acquired this Waterloo student apartment building last year at an estimated cap rate of 6.7%.

Kitchener-Waterloo

The Kitchener-Waterloo area has been a very hot market, with supply continuing well below demand. While some softening is expected, it will continue to be a favourite location for investors.

CMHC reported the vacancy rate in the CMA as a whole moved up to 4.0 per cent in April from 3.3 per cent in October, and rental rates on average moved down to $788 from $798.

The City of Kitchener, with more than 60 per cent of the rental product in the CMA, also has the highest vacancy rate – well above the 15-year average. However, Waterloo in particular has enjoyed very strong demand for student housing – leading to vacancy rates well below the CMA as a whole.

The recently created Maestro Real Estate Advisors student property investment fund acquired a well-positioned high rise student apartment building last year at an average unit price of approximately $200,893. That represents a per bedroom rate of approximately $51,699. Economic analysis would suggest a Gross Income Multiple of approximately 9.8, with an adjusted going-in capitalization rate of approximately 6.7 per cent. (Pricing was also impacted by the

for rentals

possibility of creating additional units/bedrooms on site.)

Another new high rise building was recently acquired at just under $227,000 per unit for sale to the homeownership market.

Significant new construction of student housing accommodations in Waterloo market could be moving toward above a balanced market — hard to tell at this time of year.

As well, Auburn Developments recently announced a $250 million development for the corner of Erb and Father David Bauer Drive. The mixed use development will include highrise apartments, townhouses, retail, office and hotel structures. The project is anticipated to take four to seven years to complete.

Capitalization rates for good quality product in Kitchener-Waterloo appear to be in the 6.5 to 7.5 per cent plus range. Older product will probably see reduced acceptance and falling rental rates.

The other Technology Triangle cities of Cambridge and Guelph are both experiencing continued demand from investors. Going-in adjusted capitalization rates should be found in the 6.5 to 7.5 and 7.5 to 9 per cent range respectively, depending on the age and condition of the building.

London

This market continues to see investor acceptance. Maestro Real Estate Advisors started its student portfolio here, for example. Interrent REIT has been on a buying spree in London (and Sarnia and other centres) to diversify its portfolio geographically. It established a new low for cap rates with the purchase of three high rise buildings in the Southwest quadrant of the city, suggesting a going-in cap rate around 5 per cent. Major developers are also actively building.

Vacancy rates in the London CMA have remained below the provincial average, moving up to 3.7 per cent in April from 3.6 per cent in October. The average rental rate edged up to $731 from $721. The third and fourth quarter of the year are anticipated to bring increased vacancies, which will carry on into 2008. But the overall trend is stable.

Cap rates for quality product are anticipated to be mostly within the 6 to 7.5 per cent range – but with continued high demand and lack of product, we could continue to see well-positioned new product trade in the fives! cap rates for older product should be found in the 7.5 to 8.5 per cent range – those in inferior locations or in need of capital expenditures could go up to 8 or10 per cent.

Windsor

The Windsor CMA continued to have the highest vacancy rate in the country this spring at 11.6 per cent up from 10.4 per cent last October. Rental rates were flat, falling to $690 from $691.

The unbalanced rental market in Windsor is testing those investors who have enjoyed vacancy rates well below balanced for the past 14 years. With continued difficulty in the auto industry and anticipated plant closings or downsizing, the market will again experience higher risk, reductions in values, and difficulty in obtaining mortgage financing.

Several power of sale situations have taken place for apartment buildings, a situation not seen for many years. Investors will certainly look closely at product being offered. capitalization rates are moving up, to reflect the additional employment uncertainty risk. Well-located and maintained buildings are expected to hold with capitalization rates in the 7 to 8.5 per cent range, with older buildings going to 9 to10 per cent and above.

While problems are anticipated to linger in this market for some time into the future, Windsor, like Sarnia of a few years ago, should present patient investors with opportunities to buy low and hold for the turn around.

Brian M. Knowles is a partner with Valco Consultants Inc. in London (www.valcoconsultants.com) He also publishes the annual Apartment Weather Report, covering the area from Windsor to Kitchener/Guelph and north to Owen Sound.

Examples of Brownfields Assistance

Tax Increment Grants (TIG), assistance with development charges, building permit or planning fees (FEES), and Environmental Site Assessment costs (ESA)

CAMBRIDGE Core Area Revitalization Program (applies to the Downtown and brownfield sites.)	TIG	Realty Tax Grant Program (3 years) was phased out in 2006 (was 75% in yr 1, 50% yr 2 and 25% yr 3).
	ESA	The **Contaminated Sites Grant Program** provides up to 100% of restoration costs (e.g. studies, consultant fees), provided projects result in RSC and approval by the City. Maximum of $1,500 per residential unit and/or $10 per sq. m. of GFA. Paid on completion of project (construction).
CORNWALL Brownfields CIP	TIG	**Brownfields Redevelopment Grant** (10 years) is 80% of the increment (yrs. 1 & 2), 70% (yrs. 3 & 4), 60% (yrs. 5 and 6), 50% (yrs. 7 & 8), 40% (yrs. 9 & 10).
	FEES	Rebate for planning application fees paid once building permit is released, building permit fees paid once occupancy permit is released.
	ESA	The **Cornwall ESA Grant** provides up to 50% of the ESA study costs, or $15,000 per study, whichever is less. Maximum of $45,000 per applicant for all sites. Paid on study completion.
HAMILTON ERASE CIP (brownfield)	TIG	**ERASE Redevelopment Grant** is 80% for 10 years.
	FEES	Planning and development fee rebates were discontinued in 2004.
	ESA	**ERASE Environmental Study Grants** provide matching grant up to 50% of ESA study costs, or $15,000 per study, whichever is less. Maximum of 2 studies per property ($20,000 maximum). Paid on project completion.
KINGSTON Community Improvement Plan - Brownfields Project Areas 1A & 1B	TIG	Kingston's **Rehabilitation Grant Program** is 80% for 10 years.
	FEES	Grant re planning application fees and demolition permits - not building permits. Paid on project completion.
	ESA	**Initial Study Grant** provides matching grant up to 50% of the ESA study costs, or $10,000 per study, whichever is less. Maximum of 2 studies per property, with a maximum of $10,000 in total grants per applicant. Paid on project completion.
KITCHENER The Kitchener EDGE Strategy	TIG	The **Brownfield Remediation Program** is 100% for 10 years.
	FEES	Rebates for all demolition, building and planning related fees. Paid on project completion.
NORTH BAY Downtown CIP	TIG	Tax Increment-Based **Grant for the Rehabilitation or Redevelopment** of Older Buildings and Under-Utilized Sites (9 years) is 50% (yrs. 1 to 5), 40% (yr. 6), 30% (yr. 7), 20% (yr. 8), 10% (yr. 9). (Applies to Downtown, Waterfront and Railway Lands).
OTTAWA Brownfields Redevelopment CIP	TIG	The Rehabilitation Grant Program is 70% for 10 years.
	FEES	Grant equivalent to 30% of building permit fees. Paid on project completion.
	ESA	**Environmental Site Assessment Grant Program** provides matching grant of up to 50% of the ESA study costs, or $15,000 per study, whichever is less. Maximum of two studies per property/project, with a maximum total grant of $25,000 per property. Paid on project completion.
OWEN SOUND Downtown and Harbour CIP	TIG	Tax Incentive Program for **Vacant Downtown and Former Industrial Sites** (10 yrs) starts at 10% (yr. 1) and rises 10 percentage points each year to 100% (yr. 10).
SARNIA Brownfields CIP	TIG	**Brownfields Tax Increment Based Grant Program** (10 yrs) is 100%
Data:		*IBI Group based on research undertaken in 2006. For information purposes. Refer to municipal CIPs and/or planning departments for specific details.*

SOURCE FOR CHARTS & GRAPHS: IBI GROUP

The role of CIP

by Jon Hack MCIP, MRTPI, PLE

With the help of active involvement of the Province both in legislative/policy development and the creation of new programs of assistance, the number of municipalities with brownfield redevelopment incentive policies and programs has increased from a handful to some 40 jurisdictions in under two years.

Plans are only a first step, though, and the degree to which they are actively implemented varies considerably. Jurisdictions which assign dedicated in-house resources (e.g. brownfields officers and allocated annual budgets for funding programs) include the Cities of Brantford, Belleville, Brockville, Sault Ste. Marie, Kitchener, Cambridge, Sarnia, Kingston, Cornwall, North Bay, Thorold, Toronto, Hamilton, St. Catharines, Oshawa, Ottawa, Niagara Falls, Welland, and the Municipality of Chatham-Kent

There is a real potential for these plans and policies to have success where municipalities recognize that the most effective means to secure remediation is to help private sector developers create land value.

Why a CIP?

Community Improvement Plans (CIP) are a prerequisite to a number of established forms of incentives to promote remediation and redevelopment to higher order land use. Section 28 of the Planning Act provides for a range of means to assist in urban regeneration; the provisions are flexible and have been used for a variety of community improvement plans. The current round of brownfield community improvement plans are based on, and have evolved from, the Brownfields Statute Law Amendment Act, 2001.

New rules

The rules surrounding the creation of project areas and plans have loosened up. Approval authority for plans which include financial incentive programs, and a broader range of actions intended under the Act, now rests with the municipalities rather than the Province. Upper tier municipalities can now undertake plans for prescribed matters, and coordinate with lower tier plans including co-ordination of financial assistance. Changes due in July will also streamline provincial oversight for the Provincial Brownfield Financial Tax Incentives Program (BFTIP).

Programs differ

Councils have considerable flexibility to construct both the suite of programs and their limits and eligibility. There are many commonalities around the Province, but the suite of programs (their combination), scale, duration and funding limits differ (see chart).

s in brownfield redevelopment

Many plans are really blended contaminated lands/broader downtown redevelopment plans, while others are more specifically scoped to the issues of making brownfields as competitive as greenfields (by eliminating/reducing/managing contamination). To be successful, the following must be addressed:

1. Focus on implementation: Brownfield programs are facilitative, and remain reliant on the private sector to take on clean-up and absorb development risk. This is by definition an incremental process. Implementation guidelines and means of marketing the plan to developers and lenders as a flexible tool in economic development are critical. Municipalities need to work with project proponents to determine the best way to scale assistance, phase assistance and, all importantly, create an easy and attractive way for developers to stay the course on difficult sites. Adequate staffing is a must.

2. Address the front end: The brownfield plan is a deceptively attractive concept, but it has the strong potential to fail unless effectively managed. The big ticket incentives of tax assistance (through municipal tax increment grants and cancellation of the provincial education portion) rest largely on the assumption that a developer's risk is rewarded through back-end assistance. In essence, developers are asked to take a very significant front-end risk in funding remediation and redevelopment, with the promise that — if the project is a success — that will eventually generate sufficient funds by way of increased property taxes to cover grants/subsidy to the development.

Municipalities can give prospective developers of risk laden sites a significant signal of their commitment by offering Development Charge and building permit fee waivers.

> Example A below shows how $250,000 remediation costs can be recovered using a 10-year tax assistance program.
>
> Example B below shows how $350,000 can be recovered more quickly.

Add to this, the important role of public funding assistance for environmental site assessment and remedial action plans (including grants available from the Federation of Canadian Municipalities. These can open a window of opportunity for sites which require a kick-start both in terms of gaining a better understanding of the constraints to development imposed by contamination, and securing earlier returns on investment in clean-up.

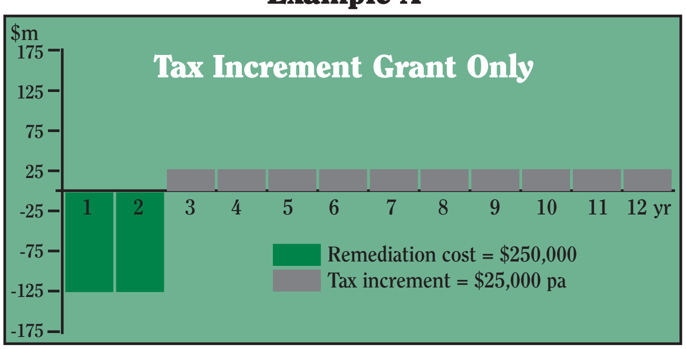
3. Fix BFTIP: This program is potentially very significant but the current restriction which terminates tax cancellation when a site is sold, severed or subdivided penalizes developers of ownership residential development in particular, or any developer whose strategy is to clean-up, develop and sell the asset. In order to be effective, tax cancellation needs to generate funds over a number of years. This may mean assigning the benefit to the original owner/redeveloper even after it has sold its interest in the property. There is also a need to increase and provide a firm statement of the maximum period provincial BFTIP assistance can be provided — the current limit is 3 years plus an unknown extension at the Minister's discretion.

4. Provide commitment on funding details: Even though tax assistance is somewhat dependent on MPAC as a third party, the funding agreement is the most significant element and is the teeth to the policy. Municipalities and developers need a clear agreement, setting out the process and obligations of both parties. An agreement can help free up financing as well.

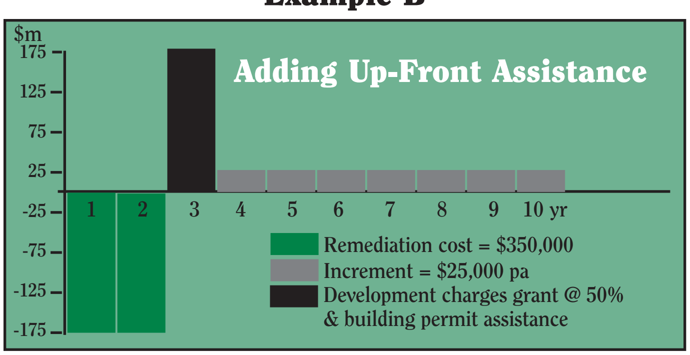
5. Take a holistic view of policies: Planning, infrastructure, and financial and investment matters should be targeted to make lands desirable for redevelopment, and support markets, and opportunities for end use. For further information, see Province of Ontario's website www.ontario.ca/brownfields

Jonathan Hack is an associate in the urban land and real estate practice of IBI Group, Toronto. IBI is an international, multi-disciplinary provider of a broad range of professional services focused on the physical development of cities.

Example A



Example B



A Sample Blend of Up-Front & Back-End Assistance

Commercial-Retail Development on 6-acre Contaminated Site

Total Land Cost	$900,000
Environmental Remediation Costs	
Incl. demolition/fill as required for commercial standards	$3,000,000
Financing Costs	
Invested Equity (25%)	$3,909,609
Indicative Financing Costs	$410,509
Total Costs (excl. tenant fit-up & lease commissions)	$16,048,944
Revenues (return based on 20-year amortization of costs)	
Lease Rate (Triple Net)	$15
Present Value of Income Stream	$11,928,627
Equity Invested	$3,909,609
ROI without brownfield support programs	***11.6%***
Municipal Property Tax Increment Grant (10 yrs, average $210,822 p.a.)	$2,108,216
Brownfields Tax Increment Program (education tax)	$690,152
Environmental Site Assessment Grant (x2)	$20,000
Project Feasibility Grant	$10,000
Building Permit Grant of 50%	$23,562
Planning and Development Fee Grant (combined OPA/rezoning, site plan approval and agreement)	$5,300
Payment in Lieu of Parkland Grant	$18,000
Tipping fee	0
Development Charge Reduction of 50% ($2.36 psf GFA)	$74,017
Total Development Cost Savings	$2,949,248
ROI with brownfield support programs	***15.2%***

‘Indirect tax’ rules limit Toronto’s new powers

by R. G. Doumani LLB, LLM, and Michael Yakubowicz B.A.

On July 16, Toronto Council voted to delay consideration of two taxes proposed under the new powers given to the City under section 267 of the City of Toronto Act, 2006. Given the obvious dissatisfaction with these proposals, it is worth looking at the significant limitations on the City's new powers. This article describes and explores those limitations as they relate to the proposed land transfer tax and personal vehicle ownership tax. The City is also considering a variable licence fee for apartment buildings under another provision of the Act.

No ‘indirect taxes’

This limitation reflects the basic division of powers between the Federal and Provincial Governments. A province and one of its creations, such as a municipality, cannot impose an indirect tax.

An indirect tax is one where, as a general tendency, the amount is collected from one person in the expectation that he or she will recover it from another person. While the definition of what constitutes an “indirect” tax is relatively straightforward, the application of the definition sometimes is less so.

Bylaw contents

The manner in which the City responds to the mandatory contents of the taxing by-law may shed light on whether the tax is direct or indirect. The Act requires that the by-law state:

- the product or service upon which the tax is imposed;
- the tax rate or amount of tax payable;
- and, the manner in which the tax is to be collected including the designation of persons to collect the tax as agents for the City.

Applying the definition

City staff have recognized that the new taxes may be challenged and that any taxes found to be indirect would be unenforceable.

The proposed personal vehicle ownership tax appears to have the hallmarks of an indirect tax if it is collected from a vehicle dealer who, in turn, would pass the amount of the tax onto the purchaser or lessee. Perhaps in recognition of the foregoing problem, the City proposes a flat tax, as opposed to one based on the value of the vehicle, that would be imposed on all ownership registrations and the issuance of licences.

It can be argued that where the City specifies a tax rate, particularly one that relates to the amount of a product that is consumed, then the tax resembles an indirect tax. One might expect this argument on the land transfer tax.

The proposed licence fee for apartments, which would vary based on an assessment of the quality of maintenance and repair, likely would be passed on to tenants in the form of a rent increase under the Residential Tenancies Act, 2006. Also, the funds generated by the proposed system would be expected to exceed the City’s administration costs. As such, it also has the hallmarks of an indirect tax.

Regulation?

Any new tax must satisfy conditions to be described in a regulation made under the Act. At the date of writing this article no regulation has been made. It is therefore open to question whether any tax can be imposed unless and until the Provincial Government specifies the conditions which must be satisfied before any new tax can be imposed.

In conclusion, in addition to political challenges when the proposals come back to Council on Oct. 22, one can expect legal challenges to any new taxes the City imposes.

Robert Doumani is a partner specializing in Municipal and Land Use Planning and Housing Law, and Michael Yakubowicz is a summer student with Aird & Berlis LLP, Barristers & Solicitors, Toronto.

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Gerald Ian Miles Young

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Gerry Young, a founding partner of Stewart, Mason, Young (now Integris Real Estate Consultants) and founding president of this association, died May 9, at the age of 83.

Gerry was predeceased by his beloved wife, Kay. He leaves two sisters, Joan and Jennifer, his family, professional colleagues and many friends in Canada, America and Europe.

Born in England, Gerry trained in Canada in 1943-1944 with the Royal Air Force (RAF). At 21, he became a Sunderland flying boat captain with an air-sea rescue squadron in India and Ceylon. At the end of hostilities, he helped return British and Allied prisoners of war released from Singapore camps.

When the war ended, the Canadian Mortgage and Housing Corporation invited land valuers to Canada.

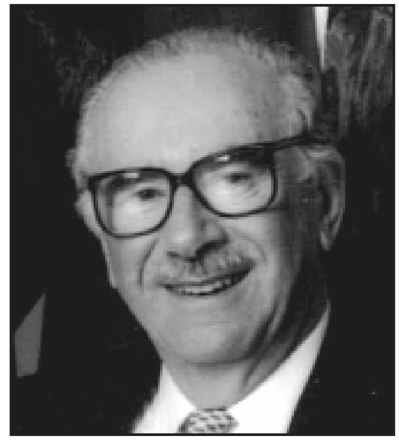
Gerry already had been taken with the lifestyle available in this country. As a graduate of Trinity College, Oxford University and the College of Estate Management and London School of Economics at the University of London, he embraced the opportunity, arriving in Canada in 1954.

In 1961, Hud Stewart, David Mason and he formed Stewart, Mason, Young. Gerry managed many national portfolio assignments, and was known as a leading expert witness in complex matters ranging from expropriation compensation cases to ground rent reviews, such as the Union Station ground lease arbitration.

Other career highlights included inclusion of his work in the report of the Province of Ontario's Property Assessment Act in 1967 and testimony before the Canadian Justice and Legal Affairs Committee on the provisions of Bill C-136 (Federal Expropriations Act).

He was also active in his professional societies – which led to the formation of the Association of Ontario Land Economists in 1963.

Gerry served as first president in 1963-5, and remained on Council until 1977.



Gerry Young was the first President of the AOLE, holding Certificate number one.

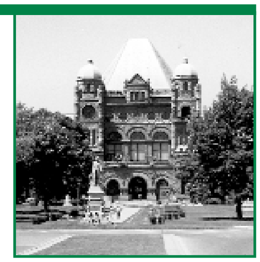
In the Summer, 2002 issue of this Journal, Gerry described the impetus for starting AOLE. There were dozens of separate bodies for professionals who all shared an interest in land economics, he said. "Bringing them together, we believed, would enlarge the scope, understanding and competence of the individual practitioner.

"There is today the same reason for bringing us together. We exist, if we really think about it, to help lead members of a fragmented discipline to the awareness of a truly representative Profession of the Land."

The Legislative Beat *continued from page 8*

EA process improvements
The Municipal Engineers Association has released its Environmental Study Report seeking a major amendment to the Municipal Class Environmental Assessment document so that municipal transit projects are included. Currently, the Municipal Class EA applies to municipal road, water and wastewater projects. A streamlined EA process for transit is essential if the MoveOntario and other transportation infrastructure across the province is to be built in a timely fashion.

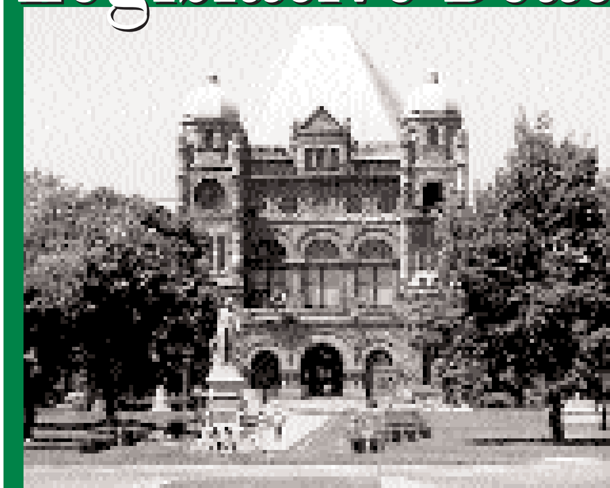
Clean Water Act regulations
The first set of regulations to be released under the Clean Water Act, 2006 were released in the spring for consultation under the Environmental Bill of Rights and subsequently posted on the registry on July 3. A major change was to increase the size of the source protection committees – three tiers of committee size (10, 16, 22) will be established based on watershed size and number of member municipalities within the area. One-third of the members will reflect municipal interests, one-third will reflect the interests of agricultural, commercial or industrial sectors and the remaining third will represent the interests of environmental, health and the general public. A recommendation by the Residential and Civil Construction Alliance of Ontario to include representation from the housing and land development sectors was not embraced during the consultation process.



Spills Bill
Two years after the passage of Bill 133, the Environmental Enforcement Statute Law Amendment Act, 2005, the Regulations were finally promulgated on June 8. The major penalties for land and water spills under the Environmental Protection Act and the Ontario Water Resources Act are primarily aimed at industrial sectors, such as chemical production and metals processing (see Vol. 35, No. 3).

Andy Manahan is Executive Director of the Residential and Civil Construction Alliance of Ontario.

The Legislative Beat



by Andy Manahan PLE

Provincial Election October 10

As this is the first Ontario election with a fixed date, all parties have been in a pre-election mode for some time now. It is reasonably safe to say that it will be a close fight. Many polls have placed the ruling Liberals and the PCs within a few percentage points. A minority government post-October is a distinct possibility.

A number of key changes were introduced for the upcoming election such as: the number of advance polling days will be extended to 13 (from six); the ballot will be expanded to include the candidate's party affiliation; and online confirmation of voters will be introduced; as well as new reporting and transparency requirements for those third parties who engage in election advertising.

Referendum on Electoral Reform

Ontario voters will be asked to mark a separate referendum ballot on the question:

Which electoral system should Ontario use to elect members to the provincial Legislature?

- *the existing electoral system (first-past-the-post)*
- *the alternative electoral system proposed by the Citizen's Assembly (mixed-member proportional or MMP)*

The Citizens' Assembly on Electoral Reform recommended that the MMP system be adopted in Ontario. Under this system, the share of the seats in the legislature that each party wins is roughly equal to the party vote. Candidates with the most votes will continue to represent the riding – in other words, the parties keep all the seats they win. Parties that do not elect enough local members to match their share of the vote, get a "top up" of the seats in the legislature, through so-called "list members."

The current system has been criticized because there is not a direct link between percentage of the vote garnered and the percentage of seats won. Recall the number of times that majorities have been won when the victorious party has had less than 40 per cent of the popular vote.

Contrast this with a party that has put forward compelling platforms that the voting public demonstrates support for, but where there is not necessarily a correlation with seats won. Thus, it could be argued that the electorate is not properly represented in the legislature under the existing system for parties that win relatively few seats or no seats even with a strong percentage win of votes.

Critics of the alternative system believe that it will become increasingly difficult for parties to achieve majority voting status, resulting in perpetual minority governments (e.g. Italy, with its history of unstable coalitions). To address this, the Citizens' Assembly recommended that there be a minimum threshold of three per cent of the total vote to qualify for seats in the house.

Elections Ontario will initiate a non-partisan public education campaign to more fully explain the choices prior to October's vote. At least 60 per cent of voters will have to support the new system, including more than half the voters in 60 per cent of the 107 ridings, for it to take effect in the next election in 2011. There will be additional scrutineers and the ballots will be counted separately from the ballot for the general election.

MoveOntario 2020

Climate change has emerged as a key election issue and transit investment is viewed as key to addressing greenhouse gas emissions.

In this regard, Premier Dalton McGuinty and a number of his Liberal colleagues announced a $17.5 billion rapid transit plan for the Greater Toronto Area and Hamilton on June 15. A total of 52 projects were enumerated that would result in 902 kilometres of new or improved rapid transit to be built over the next 12 years.

Major goals of the plan are to reduce congestion by improving interregional transportation linkages and to improve the environment by lessening our dependence on cars.

Queen's Park will be responsible for two thirds of the cost (although there will be innovative financing arrangements), including the one third normally paid by municipalities. The Liberals have requested that the federal government be responsible for the remaining one third of the project cost.

In addition, the projects will have to be screened through the Greater Toronto Transportation Authority to determine priorities – this will be done in early 2008, hopefully with public debate and consultation.

Ontario PC Leader John Tory, as part of his election platform, has committed to dedicating all of Ontario's provincial gas and fuel tax revenues into transit and roads. Current practice is for these revenues to be directed to general revenues and then reallocated to transportation and other priorities, as the government sees fit.

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