

The Land Economist

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PROFESSIONAL JOURNAL



**ASSOCIATION OF
ONTARIO LAND
ECONOMISTS**

55 St. Clair Ave West, Suite 205
Toronto, ON M4V 2Y7
Tel: 416-283-0440 (messages)
Email: admin@aole.org
Website: www.aole.org

Journal Chair: Keith Hobcraft
Editor: Rmoyes@idirect.ca

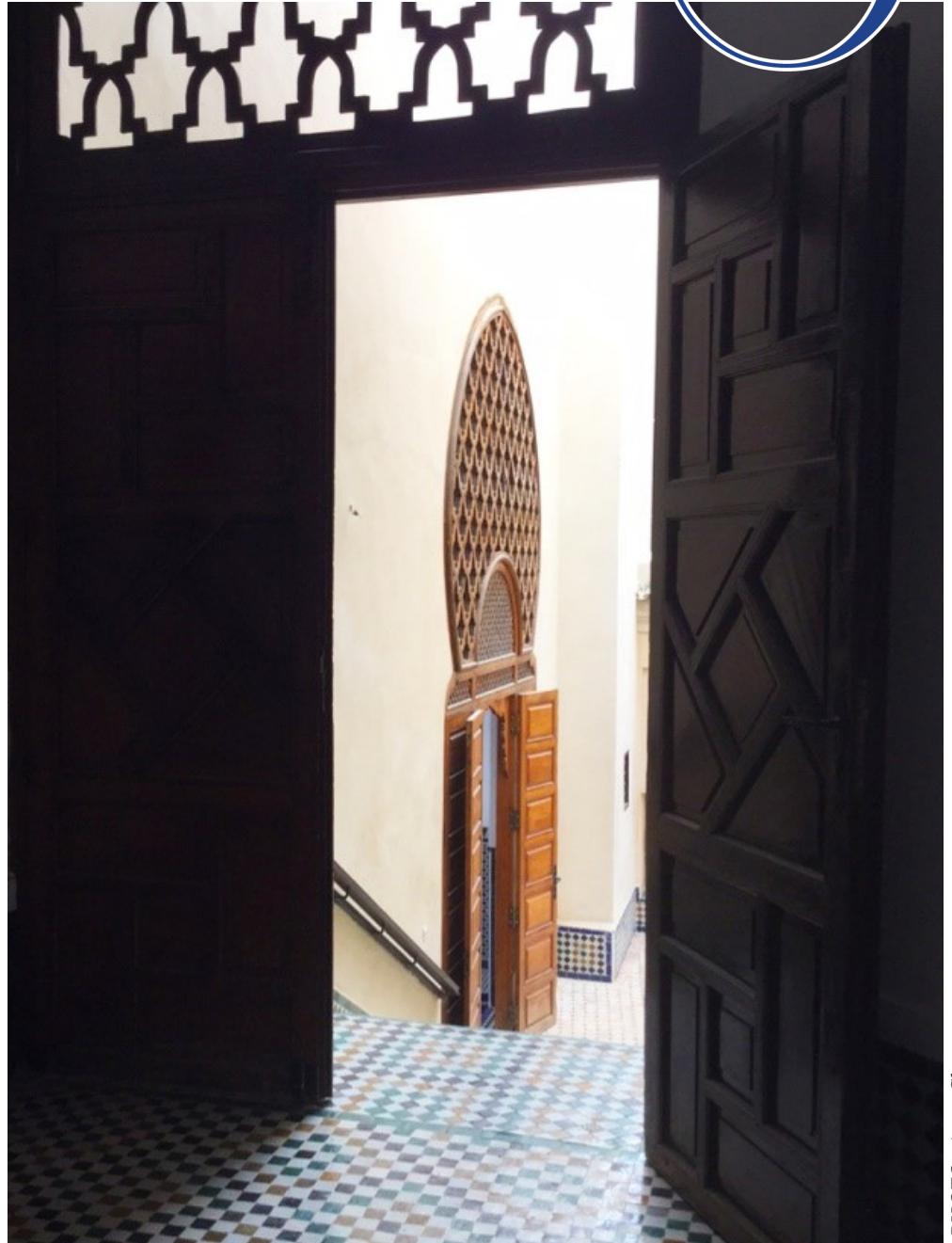


PHOTO: Aziza Chaouni

After complicated restoration and updating, an ancient library founded 1,157 years ago in Fez, Morocco, is set to reopen in January. The woman behind that project is Moroccan-Canadian architect Aziza Chaouni. See page 3.

NEWS BRIEFS

FRPO'S MAC AWARDS

The Federation of Rental-housing Providers of Ontario (FRPO) presented its 2016 MAC awards on December 1. The Lifetime Achievement Award went to Ignat Kaneff of the Kaneff Group of Companies. Rental Development of the Year went to Sun Life Financial's Alto at 1544 Dundas St. West, Toronto. See www.frpo.org/news for the full list.

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FIRST COMMERCIAL MULTI-PASSIVE HOUSE OPENS



ILLUSTRATION: Taplen Construction

First tenants moved into Ottawa Salus' 42-unit supportive housing project on Thanksgiving weekend. Considered the first multi-residential project to receive passive house certification in North America, it is also designed to LEED Platinum standards. Heating is expected to cost \$27 per unit per year. See an article from the Ottawa Citizen [here](#) and a detailed 2015 technical presentation [here](#).

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AVERAGE DEBT RISES AGAIN

Average per capita consumer debt across Canada rose to \$22,081 in Q3 2016, according to Equifax Canada. That is up 3.6 percent from last year. Total consumer debt (which does not include mortgages) reached \$1.7 trillion.

The delinquency rate (no payments for three months) has risen – up to 1.14 percent from last year's 1.05 – but is still considered low. Equifax reports that the majority of consumers are decreasing their debt, but not as quickly as the rest are increasing it.

Average consumer debt in Toronto and Ottawa is several hundred dollars below the national average, while Edmonton and Calgary are approximately \$4,800 and \$6,800 above it, respectively. Fort McMurray's average is almost \$15,700 beyond the national, at \$37,768.

RENO PERMISSION IS KEY TO KITCHENER PROJECT

PHOTO: published in 'Busy Berlin'



Kitchener City Council decided in late November to approve The Zehr Group's plan to renovate the original Jacob Kaufman house (part of the former Ratz-Bechtel funeral home property).

This is a central step in the Group's redevelopment plans for its five-acre site close to transit and directly across the street from the Breithaupt Block and Google's new Canadian offices.

The house will become a showpiece within Zehr's new SIXO mixed use development. Plans include three condominium towers and a purpose-built rental apartment, plus office and retail space.

"We want to create an urban village," says Zehr Group CEO Don Zehr. "We want SIXO to be a people friendly place – a thriving community within a community, where people can live, work and play, offering desirable retail and office spaces that benefit both businesses and the residents of Kitchener."

For more information, see the Zehr Group's news pages [here](#).

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NEW RECORDS-KEEPING REQUIREMENTS FOR LAND

A new section 140.1(e) in the Ontario Business Corporations Act requires all companies incorporated under that Act to keep an up-to-date register of all their ownership interests in land. That appears to mean not only information identifying each property and the date on which it was acquired and/or disposed of, but also copies of any deeds, transfers or similar documents that contain the municipal address, Registry or Land Titles property identifier number, legal description and/or assessment roll number.

The Act does not define 'ownership interests' and lawyers have suggested corporations should keep records for all

their freehold, leasehold, registered or beneficial interests, including properties on which they hold a charge or mortgage.

The requirement came into effect December 10, 2016. Companies incorporated before that date have two years to comply. Those incorporated or continued on or after that date must comply now.

Torkin Manes partner Jeffrey Alpert has warned this may also affect Ontario corporations looking for loans, as many loan agreements require corporate borrowers to warrant that they are in compliance with all applicable laws.

For more information, see the Torkin Manes article [here](#) and one from Borden Ladner Gervais [here](#).

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GDP STRONG, BUT OVERALL WEALTH IS WEAK: IISD

Canada's produced capital per capita climbed a robust 73% over the 33 years from 1980 to 2013, says a study by the International Institute for Sustainable Development (IISD). However, 70% of that growth comes from housing and the oil and gas extraction industry. Plus, due to a combination of physical depletion and changing market conditions, the value of the country's natural wealth declined by a startling 25% per person over the same period. If you add in the flat-lined human capital (earning potential) and just stable social capital, the country's growth in 'comprehensive wealth' was a lacklustre 54% or 1.36% per year. Click [here](#) for the full report.

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'DROUGHT' DILIGENCE

In some parts of the world, 'due diligence' on land transactions now has to include a thorough examination of water rights and supply issues.

Romspen Investments' Bonnie Bowerman points to California, for example, which is suffering through its longest drought since the 1970s. "Most of the rivers and aquifers are fed off snow melt from the mountains," she says. And there just isn't as much snow now. Communities and landowners try to buy water from neighbouring jurisdictions. Some are suing the State for water allotments.

Anyone looking to purchase real estate in these drought areas needs to find out what water is supplied now and available for the future, Bowerman says. Many are demanding a guaranteed alternate source. Unfortunately, desalination isn't particularly effective.

Bringing the World's Oldest Functioning Library into the 21st C

Architect Aziza Chaouni remembers walking past the gigantic iron doors of the al-Qarawiyyin library as a child in Fez, Morocco, but – like everyone else except scholars and theologians – not being allowed to go in. “It was this big mysterious place we couldn’t enter,” she says. Now, after four years in charge of its renovation and updating, the principal of Aziza Chaouni Projects (with offices in Toronto and Fez) knows that library inside and out – and up and down as well.

Going in for the first time, she found “it was an amazing building,” Chaouni told CBC Radio’s Michael Enwright recently, “but it was obviously ill.” Over the more than 1,150 years since it was founded as part of a learning institute centred on a mosque, the library had become a maze of additions. All were on different levels going up a hill in the ancient medina section of Fez. There were areas with dripping or seeping water, cracked beams, broken wood trim, and damage to walls and mosaic floors.

Investigating those elements, she told CNN in November, the team found some treasures (e.g. a hidden room with intricate carved wood cupola) . They also found some horrors (all the water from the mosque’s roof was being funnelled onto the library, and underneath the damaged floors a small river was running below the buildings).

Today, the library has been modernized with new energy efficiency, moisture control and air handling. Local craftsmen have recreated elaborate fountains, mosaics and trim. Structural and drainage problems have been addressed and the river has been redirected. There is a modern lab to preserve and digitize old texts, a lecture hall, offices, a café and two exhibition rooms to display manuscripts. The key was to do all that in a way that didn’t destroy the soul of the buildings; that respected the history.

One interesting piece of that history: the library was founded in 859 by an Arab woman, Fatima al-Fihri, who gave her entire inheritance to create the centre. She also studied there.

For centuries, the library was open to the public, but that changed in the 1940s. Reopening it to the people of the Fez medina and other visitors has been a primary goal for Chaouni – one she has fought hard to accomplish.



PHOTO: Aziza Chaouni

Part of the Library’s 12th Century reading room.

For more information on the Library renovation, listen to the CBC interview [here](#) or go to cbc.ca/radio and search Chaouni. Read articles [here](#) (TED Ideas), [here](#) (CNN Travel), [here](#) (The Guardian), and [here](#) (Huffington Post Maghreb - in french).

Chaouni has been involved in many fascinating projects in Fez, including an award-winning one to clean up and reclaim the mostly covered Fez river in the medina. Check out her 2014 TED talk [here](#) and interview [here](#). **RM**

PDI Wins 2016 World Demolition Award

First-time entrant Priestly Demolition Inc. walked away with the demolition industry’s top international award in October, as well as one for Civils Demolition. They had a great entry – demolition of the old Nipigon Bridge in northern Ontario to make way for the final lanes of the new bridge.

The old bridge spanned a jaw-dropping 827 feet over the Nipigon river, 100

feet above the water. The removal included installing a king post and cables on the bridge to help support the structure. Decking on the east side was removed.

Then, it was jacked up, hydraulic drive rollers were placed underneath, and it was carefully counter-balanced

and rolled in cantilevered stages to the western shore for disassembly over land.

“Priestly showed outstanding innovation in rolling the bridge out, and successfully completed the job despite

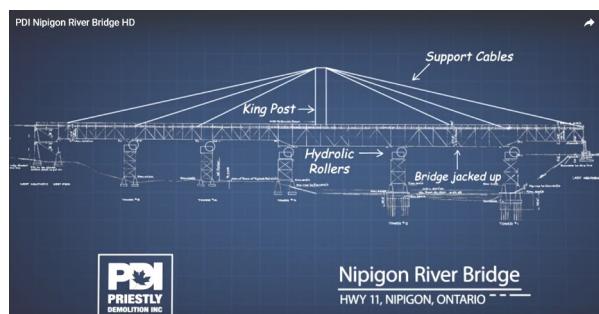


IMAGES: Priestly Demolition Inc.

Here the old Nipigon bridge (on left) has been rolled past the first pier towards disassembly on the far shore.

terrible weather”, the judges’ comments said. “It deserves this year’s ‘best of the best’.”

You can watch the company’s 24-minute project video on youtube [here](#) (the bridge story gets going at about 1:30).



Steps to Housing Affordability: 2016

The second half of 2016 saw several policy developments aimed at housing affordability in Ontario.

These measures targeted the underlying problem: that demand is far outpacing supply, which makes it difficult or impossible for first time buyers to get into the sizzling Toronto and area market.

But some steps are actually increasing demand -- and may end up making the longer term problems worse.

“The real problem is a lack of supply,” says Altus Group economist Peter Norman. “Demographics show that for the past ten years we have been building several thousand fewer homes each year across Canada than we needed. We have created a huge pent-up demand – and we have to address that with increased supply.”

Without that extra supply, “if you give a first time home buyer a gift to help them get into the market, that buyer may be better off from an ‘affordability’ perspective, but the market as a whole suffers in the longer term.”

Supply Constraints

Constraints on supply vary across the country, but in the Greater Toronto and Hamilton Area there is a combination of political, regulatory and/or geographic elements.

Norman identifies planning and zoning issues including intensification policies, delays in approval, taxation and development charges as key issues.

AOLE President Andrea Calla is head of The Calla Group and Chair of both CUI and the Mississauga Affordable Housing Advisory Panel. “We need all levels of government working with the profit and non-profit housing industry to develop policies and programs that incentivize the building of more affordable housing units,” he says. “Some examples include making lands development-ready, restructuring taxation and financial supports, and pre-zoning lands in appropriate areas near transit.”

Inclusionary Zoning

On the last day before the Ontario Legislature adjourned for the winter break, it took a big step forward on increasing supply: passing the Promoting Affordable Housing Act.

This outlines new inclusionary zoning policies municipalities can use to require developers to provide affordable housing



ILLUSTRATION: Madison View Homes

Madison View: Mahogany Management's coming 82-unit affordable/supportive rental project in the North Annex area of Toronto is slated for completion at the end of 2017.

units in new buildings and projects as a condition of zoning approval. Most of the detail is left to regulations, which are still to be finalized.

Here are some principles contained in the Act:

Certain municipalities may be prescribed by regulation as having to meet the law; others may choose to do so.

Prescribed municipalities must have inclusionary zoning policies in their Official Plans, authorizing the requirement for affordable housing, and ensuring the units are maintained affordable over time.

Prescribed municipalities must also pass a bylaw as required by the regulations, including such matters as: the number or the gross floor area of affordable housing units to be provided, how long the units must remain affordable, requirements and standards they must meet, the measures and incentives that may be provided, the price at which affordable housing units may be sold and/or the rent at which they may be leased, to be contained in an agreement with the land owners, which may be registered against the land.

The regulations may exempt certain classes of development. Regulations can also set out minimum – or no – parking requirements for specified lands, buildings or structures.

A municipality may use its Section 37 power to require affordable housing units. It may also authorize units to be

built off-site, subject to restrictions contained in the regulations, but it cannot accept payments-in-lieu. Only the Minister can appeal decisions, by-laws and conditions on the use of a second unit or policies that authorize inclusionary zoning to the OMB.

A committee of adjustment is prohibited from authorizing a minor variance from by-laws based on inclusionary zoning policies.

The legislation also makes secondary suites such as above-garage apartments or basement units in new homes less costly to build, by exempting them from development charges.

Inclusionary zoning has been criticized for forcing middle and upper income purchasers and renters to subsidize affordable units, and not always in the most cost-effective manner.

In a recent news article, Isaac Tang of Canadian law firm Borden Ladner Gervais said amendments to the original Bill attempt to provide more transparency and flexibility in implementation.

“For example, allowing municipalities to authorize affordable housing units off-site is a welcome change,” he said, “as it may promote further dialogue between the municipality and the developer as to where affordable housing units may be located to provide the most public benefit while maintaining the economic incentive to provide such units.”

Continued on page 5

National Housing Strategy

The federal government has raised hopes with its election promises to put billions of dollars into affordable housing and to consult widely on a new National Housing Strategy. This could be a new step into funding for affordable and social housing.

Public consultations on the National Housing Strategy were held from June to October.

The report on the results, *What we Heard*, was released in November. Thousands responded. Almost 40% of respondents identified low income and most-in-need groups as the most important housing theme. This was followed by cost of housing in Canada's largest cities, building a stronger affordable housing sector, and renewal of social housing and subsidized housing.

This summary report sets out a list of objectives and requests from a diverse group of stakeholders.

Now, the report says, "policy makers must balance these against fiscal constraints. Our objective will be to develop a (National Housing Strategy) that employs finite government funds to maximum effect, yielding the best outcomes."

Aiming at Demand

Back in July, British Columbia took direct aim at one segment of demand, imposing a 15% tax on foreign purchasers of housing in Metro Vancouver. Sales have dropped somewhat since then, but the impact on prices is not clear yet.

There are signs some of those foreign buyers have shifted their attention to other markets, especially Toronto. Despite calls for similar action here from some quarters, Ontario has not followed suit.

In October, the federal government introduced the sixth round of money-tightening measures since 2008. Aimed at ensuring home buyers and owners were not overstressing themselves with debt, these steps do seem to be keeping some first time buyers out of the market. And they address demand from foreign investors as well.

(The October measures expand mandatory stress testing to insured mortgages where the buyer has more than 20% as a down payment, restrict mortgage insurance to amortizations of 25 years or less on owner-occupied properties sold for less than \$1 million, close the primary residence capital gains tax exemptions

for foreign buyers who did not reside in the home during the year it was bought, require sales of all primary residences to be reported to Revenue Canada, and restrict exemption claims to only one per family per year.)

Finance Minister Bill Morneau has also begun consulting on possible risk-sharing in the mortgage industry. Comments are due Feb. 28.

Two weeks after Morneau's announcement, Canada Mortgage and Housing Corp. raised the risk level for housing from "moderate" to "strong" for the first time ever.

Demand – Assistance Programs

In November, Ontario announced that first time homebuyer rebates on Land Transfer Tax would be doubled (to \$4,000 from the existing \$2,000). In practice, this means that, starting Jan 1, 2017, the first \$368,000 of the home purchase price will not be taxed.

In mid-December, British Columbia grabbed attention across the country by announcing it will give first-time home buyers loans of up to \$37,500, interest-free for five years. The actual amount will match buyers' downpayments up to five per cent of the sale price of homes priced up to \$750,000.

Maximum household income is \$150,000, and buyers must qualify for a high ratio insured mortgage.

There has been a mixed response to BC's downpayment assistance. A number of experts agreed with Norman that it could cause prices to rise. Others hailed it as a vital step to help new buyers enter the market, particularly outside the metro Vancouver area.

Due to take effect in mid-January, the program is structured so buyers will have the choice of repaying the loan in full at the end of the fifth year, or setting up monthly payments – which will add to their monthly debt repayment.

This may present problems for homebuyers. With Shared Appreciation Mortgages, which are used in a number of affordable ownership projects, the homeowner does not have to repay the downpayment assistance until he or she sells the home. At that point, the lender receives a percentage of the capital appreciation equivalent to the loan's percentage of the original purchase price.

Whichever way this is done, though, there must be a clear emphasis on increasing the number of units built, not just subsidizing homes that would have sold anyway.

Community First! village for homeless

After 12 years of planning and building, Texas group Mobile Loaves and Fishes (MLF) officially opened its \$14 million, 27-acre village for the homeless this spring. By November, 90 + people had moved into its RV units, raised-platform tents, or tiny houses (less than 200 sf). The site just outside Austin is adding another 160 units in 2017, and has plans for the neighbouring 24 acres.

"Community first" is more than a slogan. Every home has a front porch. They are grouped around two laundry/

bathhouse buildings and a central shared kitchen. A store, well-equipped learning workshop, community gardens, dog park, chapel, outdoor theatre and medical facilities are all open to and shared with the surrounding community. The program fosters opportunities to heal, work, learn skills, build relationships and plant permanent roots – in a low-key rural setting (and helpfully temperate climate).

For information from Mobile Loaves and Fishes click [here](#), and/or see news reports and videos [here](#), [here](#), and [here](#).



PHOTO: Mobile Loaves and Fishes

Fundamental Shift Back to City States?

by Rowena Moyes

Recent changes in large cities may signify a return to the City-State, Toronto architect Dermot Sweeny told members of the Association of Ontario Land Economists last month.

Historically, City States have been very important, he told the Association's Annual General Meeting and dinner.

"City States drive economic growth and reallocation of disposable income. They facilitate positive change and create a competitive advantage," Sweeny said. "But the North American Dream really broke that down. Immigrants to the new world came over with an anti-urban dream."

The president of Sweeny & Co Architects pointed to the fact that Toronto is 78% suburban, most of whose residents travel to work by car. There has been a whole industry "based on making us want to move," he said. Residents "spent a whole pile of money to get an inadequate home, and in the end a lot of people made a whole lot of money off them."

But now, younger people are starting to question that model. Millennials want to live close to work, stores, restaurants. Many "have no interest in getting a driver's licence," he said. They think "I don't need a car if I can walk or ride my bike to work." They are also starting families downtown. In Toronto's 'Two Kings' redevelopment areas, "there are 8,500 newborns." And the more people become experts in single, small things, the more they must interact, engage and network, he said.

"All these things are creating a desire for a different way of life."

"We've been taught in North America that density is a bad thing," he noted. "But where we can achieve the necessary critical mass of density and quality of life, we are achieving an attractive alternative to 'single family housing in the suburbs'."

That is changing the traditional formulas for property value. "Desire drives retail rents. So, the question



Allied Properties REIT's Queen-Richmond Centre West, showing one of the Mega Delta Frames

'What is this site worth?' is becoming 'How can we create desire on this site?'"

The answers, Sweeny says, include creatively mixing uses, providing amenities – both for the people who live in the buildings and for the community around them – increasing connectivity in the neighbourhood, introducing sustainability, and sometimes coming up with breakthrough approaches to adding density and height to the tight downtown sites developers often dismiss.

His presentation gave a number of examples from his own practice, including:

- **Queen-Richmond Centre West:** The award-winning 17-storey adaptive reuse office building project incorporating two four-storey heritage buildings, with new construction between and hovering above – and how they designed and produced the three huge double-X-shaped Mega Delta Frame structures that made it possible.
- **One York St:** The Sun Life Tower and Harbour Plaza Residences project includes a Class AAA office tower aimed at LEED Platinum, a three-storey retail podium and two 70-storey

residential condominium towers with 1,295 suites. They share amenities such as retail, food courts and health clubs.

- **Union Centre on York:** A 1.1 million square foot, 48-storey skyscraper on a very interesting narrow site. The building complex and the pedestrian plaza is directly connected to Union Station, York Street, Skywalk, Simcoe Street and the Union-Pearson Express.
- **504 Wellington St:** The owner decided he wanted a full-storey apartment on the top floor of a 16-storey building, and found 15 other people to buy the other units – all of them sit in on the design meetings.

Sweeny said his company has created about 66% of its work, by looking for value opportunities and presenting them to the landowners/investors.

Despite the City's Main Streets study, there has been very little building along the major arteries, he said. That contrasts with the building spurred by policies in the Two Kings. "One of the greatest things that has happened in King West is that it has become a district, not just a series of spines."

With appropriate municipal policies and willingness to relax parking requirements, there could be a renaissance along arterial roads and main streets, he said. And creating a zone six to eight houses deep behind those roads could really encourage redevelopment.

Sweeny finished with a call for better, long-lasting materials and design. A key goal should be "to deal with the base of the building and make it beautiful."



Union Centre office tower in development near the UPX station.

PHOTOS on this page: Courtesy Sweeny & Co.

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acalla@thecallagroup.com

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johnblackburn@brightstarcorp.ca

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Bosley Farr Associates
hobcraft@bosleyfarr.com

Registrar & Membership

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Royal LePage Real Estate Services
john.morrison@royallepage.ca



Legislative Beat

ANDY MANAHAN
Residential and Civil Construction
Alliance of Ontario (RCCAO)
manahan@rccao.com

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Romspen Investment Corporation
bonniebowerman@romspen.com

Internet Chair

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Realty Tax Consultant
michaeljreal@gmail.com

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Metrolinx / GO Transit
rawle.agard@gmail.com

MICHAEL CANE
Michael Cane Consultants
michaelcane@rogers.com

JONATHAN HACK
Sierra Planning and Management
jonhack@sierraplan.com

NAOMI IRIZAWA
Assn of Ontario Land Economists

EDWARD SAJECKI
City of Mississauga
ed.sajeki@mississauga.ca

DAVID SCOTT
CHS Realty Advisors
dscott@chsrealtyadvisors.com

KEVIN TUNNEY
Tunney Planning Inc.
ktunney@tunneyplanning.com

2016 Annual General Meeting of Members

The Association of Ontario Land Economists' Annual General Meeting, held November 23, 2016 at the Royal Canadian Yacht Club in downtown Toronto, started with a toast in memory of John Bousfield, who had died the day before.

After adoption of the Minutes of the last (2015) AGM, held on February 25, 2016, President Andréa Calla called for reports.

Treasurer Stefan Krzeczunowicz reported on the **FINANCIAL STATEMENTS** for the 2015-16 year, which ended March 31, 2016. Revenue was down somewhat from the budget, at \$45,420, while expenditures were higher, at \$54,792, creating a \$9,373 deficiency. As a result, the fund balance decreased from \$11,996 at the start of the year to \$2,624. The proposed budget for 2017-18 calls for revenues of \$48,000 and expenditures of \$47,950.

Registrar John Morrison reported that 10 new members have been approved so far in 2016-17, so **MEMBERSHIP** is virtually unchanged at 218. Fees also remain unchanged. Morrison asked the attendees to welcome two new members who were at the meeting: John Kennedy of Cushman Wakefield and Mike Parsons from Altus Group Limited.

PROGRAM chair Bonnie Bowerman reported on events in the past 12 months:

- Mississauga Mayor Bonnie Crombie's presentation at the last AGM on *Mississauga's Next Evolution*,
- the 5th Annual RICS-AOLE-CIQS *Golf Tournament* on May 26
- dinner with Toronto writer and historian *Mike Filey* on July 21

She thanked all the participants, and welcomed suggestions for new events: topics, speakers and venues.

Journal Chair Keith Hobcraft reported that the **THE LAND ECONOMIST** issues were again well received. The three most recent Journals are featured on the Association's home page and an archive of issues back to 1993 are available on the Publications page. He thanked all contributors, as well as Legislative Beat writer Andy Manahan and editor Rowena Moyes.

LEGISLATIVE BEAT writer and Board member Andy Manahan reported that a lot of political water has passed under the bridge. It's just over the half way point of this government's term, he said. Their most significant actions are probably the Climate Change Action Plan and the review of Planning legislation and the OMB.

It's been exciting.

Internet Chair Mike Real was not able to be present. On his behalf, President Calla reported that the aole.org **WEBSITE** continued to be one of the primary ways people learn about the Association and get contact information for members. The focus now is to expand AOLE's presence on social media and LinkedIn.

A vote to approve all the reports together was carried.

On Jonathan Hack's behalf, President Calla reported that, following the legal review discussed at the last AGM, the proposed **BYLAW REVISIONS** were sent out to all members for comment in the spring. With no adverse comments received, the Board recommends adoption of the bylaws. Calla then called for a final vote of members, which was carried.

Board member Bonnie Bowerman reported that the current members of the **BOARD OF DIRECTORS** were willing to stand again. There were no nominations from the floor, and the members present affirmed the 2016-17 Board, as shown in the list above.

intended to have an investment plan with significant revenue streams and stable funding. This seems to have been overtaken by a perceived priority for “no new taxes”.

Left dependent on the current model of funding projects from provincial revenues, future projects could be vulnerable as the Province intends to balance the budget.

RCCAO is calling on all parties to think boldly about how to pay for the hundreds of billions of dollars needed to pay for critical strategic infrastructure. Sound bite tactics of “cut the waste” and “find more efficiencies” will not do it.

Metrolinx should review its investment strategy and that of the Transit Panel and submit recommendations for the current budget cycle. Those recommendations should be seriously considered by the government, and not dismissed out of hand.

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ROAD TOLLS IN TORONTO

It was heartening to see Mayor John Tory announce support for road tolls on the Don Valley Parkway and the Gardiner Expressway in Toronto.

Despite the quite acrimonious debate, Council voted 32 to 9 on December 13 to endorse the plan. Now, the tolls proposal needs approval from the Province before the City can implement them.

With 100,000 people moving to the Greater Toronto and Hamilton Area every year, congestion costs the regional economy \$11 billion every year, according to a 2013 C.D. Howe Institute study. Other factors such as the introduction of automated vehicles are predicted to make congestion even worse.

Based on a \$2 flat fee, \$100-150 million start-up costs and \$70 million a year in operating costs, the tolls are expected to raise about \$200 million a year. RCCAO supports dedicating this revenue to transportation, but has recommended that charges be adjusted based on congestion.

We are also hoping to see an engineering feasibility study into widening the Parkway to add a toll lane and expand vehicle capacity. A High Occupancy Toll lane on the DVP would help to reduce toll avoidance, where drivers take arterial roads and further clog city streets.

Council also approved a four per cent

hotel tax, which is estimated to bring in up to \$40 million per year, and a “short term rental” tax aimed at Air BnBs. Again, those would have to be approved by the Province.

A report on the costs and benefits of adopting a sales tax and an alcohol tax was also requested by Council.

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LAND TRANSFER TAXES

In his Fall Fiscal Update, Finance Minister Charles Sousa announced changes to the provincial Land Transfer Tax. These were included in the November 2016 Budget Bill, which received Royal Assent on December 8.

New rates apply January 1, 2017. Due to a grandfathering clause, this hike will not apply to agreements of purchase and sale on or before November 14, 2016.

For commercial, industrial and multi-residential properties, the rate for the value of the consideration above \$400,000 will now be taxed at 2.0%.

For properties containing at least one and not more than two single family residences, the tax rate for the value between \$400,000 and \$2 million is 2.0% (unchanged) and the tax on the value of consideration over \$2 million becomes 2.5%.

The LTT rebate for qualifying first time purchasers increases to \$4,000, also as of January 1. This equates to a tax exemption on the first \$368,000 of sale price.

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MUNICIPAL BOARD REVIEW

A Consultation Paper for the Ministry of Municipal Affairs and the Attorney General review of the scope and effectiveness of the Ontario Municipal Board (OMB) was released in October. It identifies five key themes:

- Jurisdiction and powers (*e.g., limiting appeals on provincial decisions, municipal decisions for development that supports provincially funded transit infrastructure, restricting hearings to reasonableness within authority, etc.*)
- Citizen participation and local perspective (*e.g., expanding the Citizen Liaison Office and citizen funding tools*)
- Clear and predictable decision-making (*e.g., using multi-member panels, more adjudicators, training, etc.*)

Welcome New Members!

Douglas R. Annand

CMC, PLE
urbanMetrics inc
416-351-8585 x 222
dannand@urbanmetrics.ca

Carly Basu

MUR&RegPI, MPPIA, PLE
Ontario Growth Secretariat,
ON Ministry of Municipal Affairs
416-325-1578
carly.basu@ontario.ca

Andrew Browning

MBA, PLE
Cushman & Wakefield Ltd.
416-359-2510
andrew.browning@cushwake.com

Katherine Hamilton

BLA, RWA, PLE
ON Ministry of Transportation
807-473-2158
Katherine.hamilton2@ontario.ca

John Kennedy

FRI, PLE
Cushman & Wakefield Ltd.
905-568-9500
johnkennedy@cushwake.com

- Modern procedures and faster decisions (*e.g., active adjudication, simpler procedures, tight issues lists, etc.*)
- ADR and fewer hearings (*e.g., alternative dispute resolution at earlier stages*)

December 19 was the deadline for public comments. The Premier has asked for new legislation to be introduced by spring 2017.

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Andy Manahan is Executive Director of the Residential and Civil Construction Alliance of Ontario. He is also a member of the Association of Ontario Land Economists' Board of Directors, and its Legislative Chair.



The Legislative Beat

By Andy Manahan, PLE

HOUSE RECONVENES FEB 21

The House adjourned on Thursday, December 8, and is scheduled to resume sitting on Tuesday, February 21.

2017 PRE-BUDGET CONSULTATION HEARINGS

The Standing Committee on Finance will be continuing its public consultations on the 2017 Budget in the new year until January 19. The full schedule is: Toronto on Dec 1, 8, and Jan 19; Dryden on December 12, Sudbury on December 13, Ottawa on December 14, Windsor on December 15, Peel Region on January 19, and London on January 20, 2017.

RCCAO'S PRE-BUDGET SUBMISSION

On December 8, I had the opportunity to present the Residential and Civil Construction Alliance of Ontario (RCCAO) Pre-Budget (2017) Submission to the Standing Committee.

We focused on the following three issues that are priorities for the construction management and labour coalition we represent, and to the Construction and Design Alliance of Ontario we belong to and support.

1. REFORM THE MUNICIPAL CLASS EA PROCESS

RCCAO members and the municipal sector have known for at least eight years that the Municipal Class Environmental Assessment process has become a regulatory burden rather than producing the intended 'streamlined assessments'. The week before my presentation, the Auditor General's report on Environmental Assessments confirmed

our concerns.

Typical Class EA projects include building and installation of: municipal roads, cycling lanes, recreational paths, bridges, underpasses, flood and erosion control, traffic control, safety devices, etc.

In 2014, our research found that approvals took 26.7 months on average – up by seven full months from the average four years earlier. Even though there were no significant changes to the EA Act or regulations, study costs had far more than tripled over the same time period: reaching \$386,500 compared to \$113,300. As well, a single project often goes through two public consultation processes (Planning Act and Class EA), and is subject to two different appeal processes (Ontario Municipal Board and Part II Order or 'bump up' request).

The Auditor General found that addressing a 'bump up' request resulted in an average seven month delay. She also noted that the EA Advisory panel had recommended new procedures in 2005 but the Ministry has not acted on this recommendation.

As a result of the pressing need for reform, RCCAO is teaming up with the Municipal Engineers Association to prepare a section 61 Environmental Bill of Rights application to be submitted to Ontario's Environmental Commissioner.

Delays in these often vital projects can directly impact the Province as a funder of municipal infrastructure. We strongly recommended that all MPPs support meaningful reform of the EA system, with a first focus on Municipal Class EAs.

2. BUNDLE SMALL BRIDGE PROJECTS

Many municipalities in Ontario have limited financial resources to address critical ongoing infrastructure needs. In 2013, a Ministry of Transportation/

RCCAO/Ontario Good Roads Association study investigated how Alternative Financing and Procurement methods could improve ongoing maintenance of bridges and culverts in Wellington County. It found that bundling smaller projects of similar design or vintage in a single jurisdiction or in neighbouring municipalities could produce economies of scale. Potential savings were estimated to be in the order of 13 to 20 per cent.

A similar long-term contract approach is being used to replace 558 aging bridges in Pennsylvania. In Missouri, 802 bridges were successfully replaced or rehabilitated through bundling.

We are calling on the Province to continue to promote Asset Management plans, look for opportunities to effectively use the best elements of AFP, and provide funding for a trial bridge bundling project. The trial project would require a multi-Ministry effort, with support from Transportation, Municipal Affairs, Infrastructure and Finance, as well as agencies such as Infrastructure Ontario.

The federal government's plans for an infrastructure bank and a possible role for public pension funds in financing infrastructure, and its interest in alternative delivery methods, sound promising for federal support as well.

3. REACTIVATE METROLINX'S INVESTMENT STRATEGY

While people in the construction sector are generally pleased with the number of projects that have been initiated over the past few years, there are growing concerns about funding.

A report this year by Transportation Action Ontario (TAO) determined that 1,335 km of rapid transit has been planned at a capital cost of \$69 billion – up significantly from the original 2008 estimate of \$50 billion.

TAO found formal funding commitments for 571 of the planned 1,335 km: \$30.9 billion from the province, \$6.5 billion from the federal government and \$1.9 billion from municipalities.

We recognize that Regional Express Rail (RER) will amend these figures, but there will still be a "gaping hole" into which future projects could disappear. Published comments by the Premier and the top executives at Metrolinx from a few years ago show they all originally

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