

# The Land Economist

WINTER 2018 - 19/ Vol 49, No 1

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## PROFESSIONAL JOURNAL



**ASSOCIATION OF ONTARIO LAND ECONOMISTS**

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## Sidewalk Labs in the headlines again

“Google’s Sidewalk Labs plans massive expansion to waterfront vision”, a headline in the Toronto Star proclaimed this Valentine’s day. The company’s winning proposal for the 5-hectare Quay-side site in October 2017 “is only the first step” in its plan to build new neighbourhoods and transit throughout the entire Portlands, [the article](#) said. And in return, “it wants a share of the property taxes, development charges and increased value of city land”.

Added to the months of growing controversy about privacy, data collection, ownership and storage, transparency, fairness of the RFP process and overriding concerns over who should control city planning, new technologies and democracy, this was incendiary. Various media exploded, with terms like ‘secret plans’, ‘demanding a cut’, plus calls to cancel the project.



Sidewalk Labs scrambled to clarify and defend its suggestions, pointing out that it would be financing the transit link and infrastructure for the Port Lands upfront. It would get repaid, only when sites were developed, in monies that are normally passed on through the government anyway.

Interestingly, one of the many responses supporting the project was this [column](#) by Toronto Star columnist Christopher Hume: “*Anger over Google’s vision for the waterfront is misguided*”. See also the [Feb 28 Haider-Moran Bulletin](#) article on Canada.com, explaining how Tax Increment Financing like Sidewalk’s idea might work.

# Welcome New Members!

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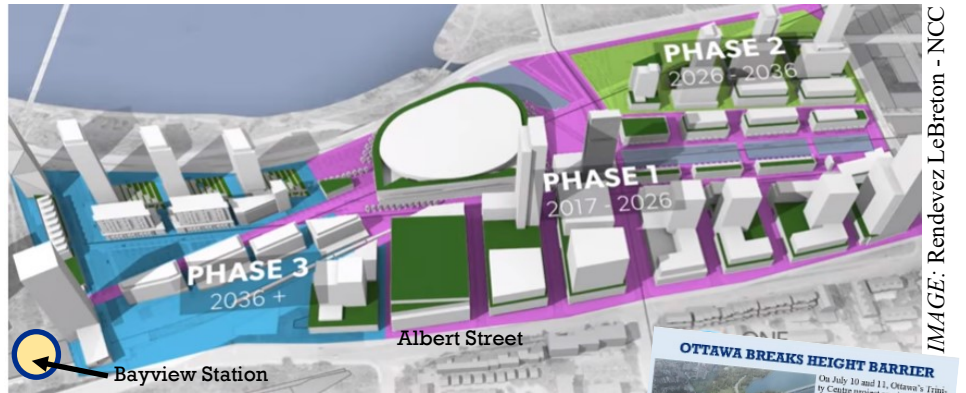
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## LeBreton Negotiations Fail

February mediation meetings aimed at patching up issues in the partnership behind Ottawa's huge RendezVus LeBreton redevelopment proposal have failed. The National Capital Commission (NCC) made the announcement on Feb 27. The big question now is: What happens next for Ottawa's prime 21-hectare LeBreton Flats lands? Stay tuned March 7.

In 2016, RendezVus LeBreton was chosen as the successful proponent for the lands. But relationships between the joint venture partners – Ottawa Senators' owner Eugene Melnyk and John Ruddy of the Trinity Development Group – had been strained for quite a while. In November, they took a much-publicized nose dive into lawsuits. Not long after that, the NCC announced it would terminate their preferred proponent term sheet in January. That deadline was extended to Feb 28, to allow the mediation attempt headed by former Ontario chief justice Warren Winkler. Details of the talks were kept under wraps, but there was talk that the partners behind the second-place proposal – Devcore Canderel – might be included.

One key element in the disputes was the future competition from and economic impact of another Trinity Group development – 900 Albert – and how much information Trinity gave to Melnyk about it. (That project was featured in *The Land Economist* Summer 2018 issue.) For a look at more issues behind the negotiations, see [this November 23 article](#), [this February 4 article](#) (especially the second half), and [this February 28 article](#) - all from the *Ottawa Citizen*, and the CBC's [page of articles](#).

## Calls for 30-year mtgs, easing stress tests

As he prepares for his next Budget, federal Finance Minister Bill Morneau has said the government is looking for ways to make homes more affordable for younger buyers. He's been hearing a lot about two key measures:

- reinstating 30-year amortization periods for first time buyers with insured mortgages
- updating the mortgage stress tests to reflect current economic conditions

The Canadian Home Builders' Association, along with many others, says increasing the amortization period to 30 years from 25 "can increase the purchasing power of qualified buyers by approximately 20%, potentially allowing an

additional 15-20,000 to achieve home ownership each year." Most would be millennials in their 20s and 30s, who already pose the lowest default risk. They would generally buy entry-level homes and free up rental units.

As for the stress tests, CHBA has pointed out that interest rates have risen. The January 2018 changes meant that people taking out conventional mortgages (as well as those using insured mortgages) had to prove they could handle payments 200 basis points higher than their contracted rate. That test rate should only be applied to open and variable rate mortgages, CHBA says. It should be reduced for fixed-rate, locked-in mortgages.

IMAGE: RendezVus LeBreton - NCC

Article: The Land Economist, Vol 48-1

# Population growth will partially offset softening

by Peter Norman, MA, PLE

Having reached a cyclical peak in 2017, Ontario's economy continues to soften into 2019 and beyond. Factors linking the global economic slow-down ("Slobalization" as the Economist Magazine recently dubbed it) to Ontario's economy, such as trade and investment, are playing a part as are domestic factors such as the recent uptick in interest rates.

The household sector in particular is transitioning from a growth leader to a growth laggard in Ontario. Interest rates have risen over a percentage point since the middle of 2017, and even though it's now unlikely that we will see much more change in rates, it's the change that has taken place so far that will have lingering impacts. Higher rates affect household spending patterns on big-ticket items and also can affect housing demand.

In addition, in contrast to most of the past 20 years, homeowners over the course of 2019 and 2020 who are renewing their five-year mortgages taken out in 2014 and 2015 will be renewing at much higher rates, affecting cash flow, budgeting, and spending.

On the positive front, Ontario is bursting at the seams demographically. 2018 saw the highest growth in population in the province in modern history and this is primarily being driven by a very strong pace in international migration. We saw growth last year of some 220,000 net new people in Ontario compared with an average over the past decade of 150,000.

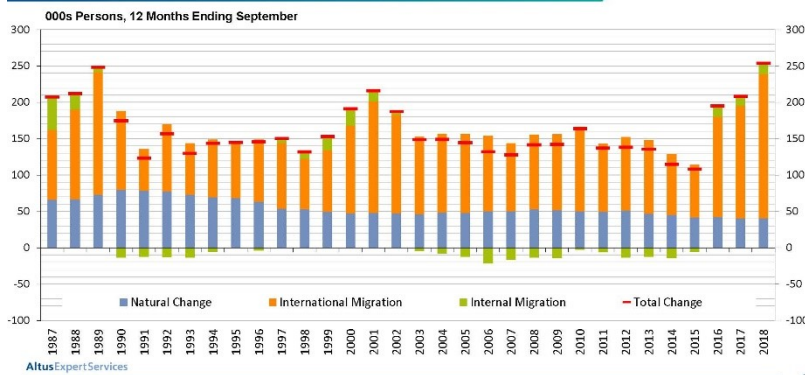
Population growth, which is very important for housing need, is keeping the pace of household growth relatively elevated despite the dampening conditions on ownership demand. Because of growth tied to international migrants, and general affordability issues, a significant share of new housing need is shifting to rental units. This trend is spurring increased investment and construction of purpose-built units and is also keeping the investment condominium apartment sector afloat.

Housing prices peaked in 2017, saw considerable turbulence for several months and have since stabilized. Weaker housing demand but still strong need for housing will keep prices relatively flat through the next few years. Construction costs were problematic in 2017 and 2018 but are also stabilizing into 2019.

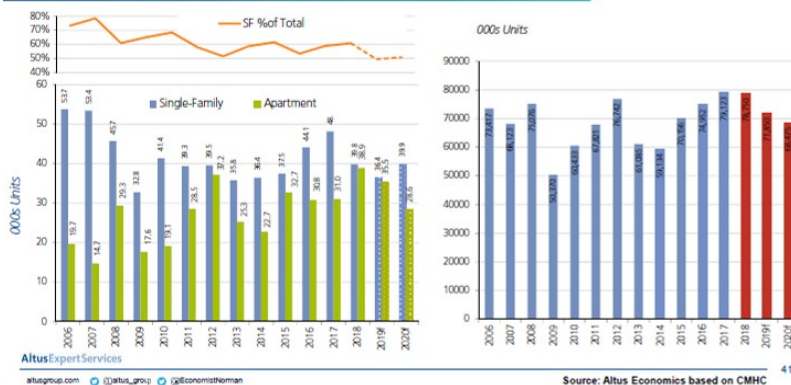
On net, we expect housing starts will come off their highs of the past two years and come in close to 70,000 units per year over 2019 and 2020.

*Peter Norman is Vice President and Chief Economist Research, Valuation and Advisory Altus Group*

## Population Growth, Ontario



## Altus Group Housing Starts Forecast, Ontario



## Economic Outlook



	Average 2007-17*	2018	2019f	2020f				
Year-to-Year Change		Canada	Ontario	Canada	Ontario			
Real GDP (economic growth, %)	1.6	1.5	2.1	2.2	1.8	1.7	1.8	1.7
Employment Growth (persons, 000s)	165	58	241	115	200	80	210	80
CPI (inflation, %)	1.3	2.2	1.8	2.0				
Real Personal Disposable Income per Capita (%)	1.4	(0.9)	1.2	1.5				
1 Year Mortgage Rate (banks, posted %)	3.5	3.6	4.0	4.1				
5 Year Mortgage Rate (banks, posted %)	5.2	5.3	5.8	6.0				

## Construction Cost Trends: Trades

Division	Ontario
1 General Conditions & Fees	↑
2 Site Work & Earthworks	=
3 Concrete	↑
4 Masonry	=
5 Metals	=
6 Carpentry	=/↑
7 Thermal & Moisture Protection	=/↑
8 Doors & Windows	↑
9 Finishes	↑
10 Specialties	=
11 Equipment (Appliances)	=
12 Furnishings	=
13 Special Construction	=
14 Conveying Systems (Elevators)	↑
15 Mechanical	=/↑
16 Electrical	=/↑

# Metrolinx head sees a bright future for TOD

by Rowena Moyes

Metrolinx is heading into an exciting period – with a new emphasis on business-case thinking and a strategy for real, market-driven, Transit Oriented Development (TOD), says its President and CEO Phil Verster.

In the 15 months since he joined the corporation, Verster told this Association’s Annual General Meeting and dinner in January, “I’ve seen just how much impact we could have with our expansion, new stations, and an emphasis on delivering value.”

In the past, “many of our stations have been built without integrated development,” Verster said. The only things within easy walking distance of those stations are their huge parking lots or structures.

“Why didn’t we at least build the parking as the first three or four levels of a 40-storey residential building?” he asked.

“Those were missed opportunities. Going forward, we won’t miss those opportunities again.”

For Metrolinx, TODs offer the ability to leverage its real estate assets and the air rights over them in three ways:

- attracting third party investment to reduce the costs of transit expansion and/or upgrading
- delivering a better experience for GO customers through vibrant, walkable, mixed-use development at GO stations, and
- increasing potential ridership and revenue, especially from the additional

people who will live or work within easy walking distance of those stations.

Public/private TOD Mobility Hubs are supported in the Province’s Growth Plan and the 2041 Regional Transportation Plan. They are an important element in housing and moving the region’s expected population growth.

But real success has needed a new approach from Metrolinx.

“We need to position ourselves as an organization that thinks like a business and not like a government bureaucracy,” Verster said. Success also needs new approaches to integrated zoning from municipalities, commitments from developers and support from the surrounding community.

“Where we can bring all those interests into alignment, we have an opportunity to create real value and benefits.”

This December, the Metrolinx Board “made an exciting decision to change how we do business,” Verster said. It adopted a TOD market-driven approach for new transit infrastructure, starting with new GO stations.”



Metrolinx President and CEO Phil Verster

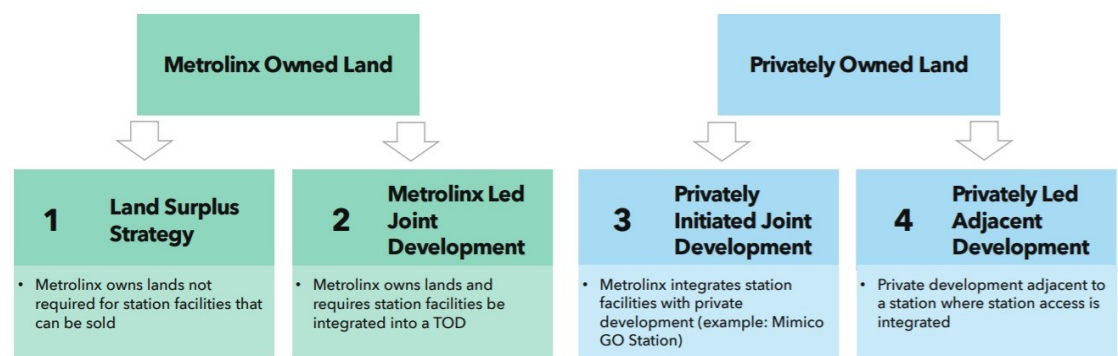
That means negotiating agreements with third parties (land developers and/or municipalities) for projects tied into new or upgraded stations. They could be on Metrolinx’ own land or privately-held land (see chart).

The transit infrastructure would be designed, built and paid for by the developer/third-party, and operated by Metrolinx.

Verster pointed to the recently announced negotiations with developer VANDYK, who is planning to

## TRANSIT ORIENTED DEVELOPMENT (TOD)

Transit Oriented Development (TOD) is higher density, mixed-use development that is connected, next to or within a short walk of transit stations & stops, and is designed to encourage transit use.



develop a site next to the existing Mimico GO station in Etobicoke.

In exchange for air rights above Metro-linx land, VANDYK plans to construct a new, modern, fully accessible station, parking, and greenway walking and cycling path. These facilities would be connected to the developer's higher density, mixed-use project, he said.

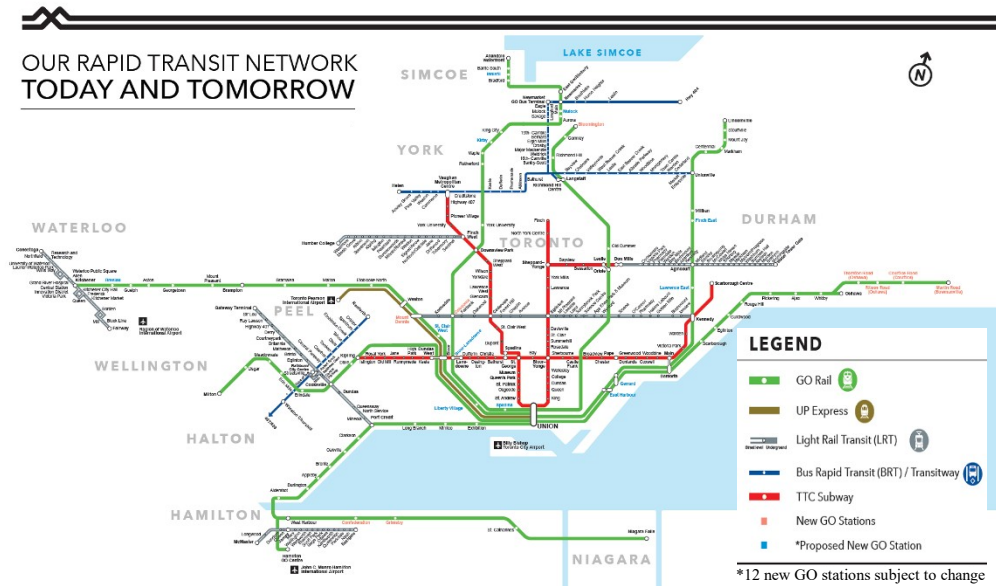
"This will make much better use of the land we own, at a station built at nominal cost to Metrolinx and nominal cost to the taxpayer." Value of those benefits is estimated at about \$21.5 million.

"Mimico GO Station is just the beginning," Verster said.

The focus on value-added and market-driven TOD is changing many aspects of station design. For the East Harbour GO stop, for example, the initial plan was to just build a simple station. But with a TOD approach "when people get off at the East Harbour station, instead of just grey platforms they could be greeted by a 'gateway' to the docklands, with exciting retail and restaurants. And it should be connected to all the means of transit serving the area, including the Relief Line."

Verster didn't downplay the potential risks in a market driven strategy. "We're carving out new territory. In the next couple of months we will be giving recommendations to the government on how to implement this approach. The processes must be clear on how we get to a competitive outcome, how we pick out sites, how the zoning works, (and) who decides what." Other issues include project

**OUR RAPID TRANSIT NETWORK TODAY AND TOMORROW**



MAP: Available on the Metrolinx website [here](#).

delivery timing, real estate market conditions, and the expectations of stakeholders, the public and the community.

Staff are developing an intake process for reviewing and assessing third party opportunities. That includes principles, policy and a governance framework.

Metrolinx requirements will still be met for service, design, construction, consultation, etc. With all major investments, a business case, benefits analysis and benefits management plan will have to be met.

They don't have a fixed list of TOD sites, but "we are open to discussing new stations, or re-development at existing stations where there are opportunities to improve infrastructure."

Asked in the question and answer session what advice they would give interested developers about how to approach the organization, Verster laughed. "Since the announcement about the Mimico station, we've been inundated," he said.

"Developers don't seem to need instructions on how to contact us."

Another attendee asked how Verster would adjust the pipeline of new projects, given that there are finite resources and high demand is already increasing costs. "Over the planned 30-year period, GO expenditures are going to be roughly \$60 billion," Verster said. "Will I slow that down because the trades are more expensive? No. Every year we slow this down, we will lose \$1.5 to \$2 billion."

Other questions dealt with the need for affordable housing, whether the LRT in Hamilton was a go, how the subway Upload can be made to work for everybody, whether running Metrolinx as a partially public company like Japan's MTR would be a good idea.

Opportunities are being handled by Michael Norton, Director of Business Strategy and Land Development: [Michael.Norton@metrolinx.com](mailto:Michael.Norton@metrolinx.com) or 416-202-3576.

"We look forward to great things to come," Verster said.

**BENEFITS/COSTS OF THE GO EXPANSION AND STATIONS**

Indicator	GO Expansion	Plus new stations
Net present value	\$26 Billion	Increase by \$1.7 Billion
Lifecycle fare box recovery	110%	Decrease by 3%
Lifecycle costs	\$16.2 Billion	Increase by \$2.7 Billion
Ridership in 2031	180 million	Increase by 6 million
Benefit-cost ratio	2.6	No significant impact (reduced by 0.08)

*Rowena Moyes is a freelance writer, editor and communications consultant based in Toronto*

PHOTO and ILLUSTRATIONS for this article: Courtesy Metrolinx

# NEWS BRIEFS

## MASSIVE SURETY DEFAULT

The article *Ontario contractor's massive surety default 'largest loss in Canadian history'*, says broker is a highlight of Ontario Construction Report (OCR)'s February issue. In it, an industry expert says this and several other high profile contractor defaults led to a surety industry loss ratio of 71% as of September. For the same period in 2017, the loss ratio stood at 11%. Expect a tightening of the surety market. For a lot more background information, check out the OCR article [here](#), and the Globe and Mail story [here](#).

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## TTC UPLOAD

A Feb 13 article in Spacing magazine, *Doug Ford's TTC subway upload and Margaret Thatcher's cautionary tale*, draws some interesting parallels between

Toronto and London and their "parent" governments' approach to local coordination, governance and transit.

The current Transport for London (TfL) is working admirably, Tricia Wood writes. But current proposals here for the Upload are like "the disaster that preceded it" – Thatcher's 1984-5 creation of a state-owned agency for cost-reduction and privatization, which "led to tragedy". Check it out online here: [spacing.ca](http://spacing.ca)

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## FREE ENERGY CODE

Late last year, the National Research Council of Canada and Natural Resources Canada started providing free online access to the 2017 model National Energy Code for Buildings (NECB). The goal is to promote more energy efficiency and hopefully experience productivity growth similar to that linked with providing free codes in other countries. Access it [here](#).

## TURKEY'S CRAZY CASTLES



In February, Global News/Reuters reported [here](#) that "Turkey's fairytale castles win reprieve after bankruptcy". The November bankruptcy of builder Sarot Group had hit international media earlier – accompanied by mind-blowing images of the hundreds of turreted castles under construction. The planned resort, as marketed to mostly Gulf investors, featured more than 700 of the "villas", along with spas, a shopping centre and a mosque.

In late November, Bloomberg quoted Hurryiet newspaper [here](#), saying the bankruptcy was due to the Burj al Baba's complex \$27 million debt. Its chair blamed clients, and said they "only need to sell 100 more villas to pay off our debt." In late January, [this article](#) from the Guardian also cited cost increases from permit delays, plus Turkey's falling lira and rising interest rates, which "left many companies struggling to pay off the foreign currency debt". The recent Global News reported that the majority of creditors voted for Sarot Turizm to continue building using company capital and assets: however, the Kuwaiti lawyer for more than 70 purchasers said they do not support that decision.

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## NEW DIRECTORS AT W.T.

On February 28, the Province announced four new directors for the Waterfront Toronto Board. They are: Andrew MacLeod, president and CEO at Postmedia; Patrick Sheils, co-president and co-CEO at Laurentian Bank Securities; Kevin Sullivan, deputy chairman and co-founder of GMP Capital Inc. and Christopher Voutsinas, former head of international real estate investments at SEDCO Capital.

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## AVERAGE RENTAL RATES

In January, Rentals.ca reported its Q4 2018 [National Rent Report](#). Here are the December average monthly rates for condominium and rental apartments in 11 Ontario municipalities listed on their site: Etobicoke: \$2,069, Hamilton: \$1,258, Kitchener: \$1,223, London: \$1,000, Mississauga: \$2,090, North York: \$1,957, Ottawa: \$1,774, Scarborough: \$1,591, Toronto: \$2,275.



## Container Market to Open this Spring

An almost-complete Toronto project is taking local shipping container architecture up a level or two – literally. With units stacked up, recessed and placed at angles, the design creates fun, edgy heights and forms. Although the upper units are not accessible space, they boost **stackt market's** presence on its Bathurst and Front site. A former smelter, then slaughterhouse, then withdrawn condo proposal, the now city-owned 100,000-sf site just north of the rail lines was designated for a downtown park in 2017. Then **stackt** founder Matt Rubinoff approached them with a lease proposal – to create a temporary market and cultural hub in the interim. They agreed on two years, ending in Sept 2020. The company offers its tenants a choice of longer term or temporary leases, to encourage new businesses and pop-ups.

The imminent arrival of innovative retailers and services, local to international brands, food & beverage options, multidisciplinary artworks, business opportunities, start-up incubators and a state-of-the-art mobile brewery built inside three containers have created local buzz. Other features include a terraced piazza and lawn, outdoor cinema, and community-powered botanical programming. See more [here](#), and [here](#).

Building with containers is not new, but this project bumps the scale up with about 120 of them. Boxpark Shoreditch in England – billed in 2011 as the world's first pop-up mall – contains 60 containers. With 96 containers, the 2016 temporary Boxpark Croydon offers 24,000 sf of retail/restaurants. Both were originally planned for five years and are still operating. An even larger Boxpark Wembley opened in 2018.

# 2018 Annual General Meeting of Members

The Association of Ontario Land Economists' Annual General Meeting was held January 24, 2019 at the Royal Canadian Yacht Club in downtown Toronto.

After adoption of the Minutes of the last (2016-17) AGM, held on February 8, 2018, President Andréa Calla read Treasurer Stefan Krzeczunowicz' report on the **FINANCIAL STATEMENTS** for the 2017-18 fiscal year, which ended March 31, 2018. Highlights of the report, which was circulated to all members prior to the meeting, included:

- Revenue was down slightly from the previous year (\$40,392 as compared to \$41,941)
- Expenditures were substantially lower (\$37,331 as compared to \$49,321 the year before), reflecting decreased banquet and meeting expenses, and the publication of two Journals rather than three.
- The excess of revenue over expenses for the year stood at \$3,061.
- As a result, the fund balance, which started at minus \$4,756 improved to minus \$1,695 by March 31, 2018.

For the 2018-2019 year, Calla said the Association is running a balanced budget, and will continue that for the following fiscal year which ends March 31, 2020.

Registrar John Morrison reported that total **MEMBERSHIP** is down to 202 from 213, reflecting normal churn.

Twelve new members were approved over the year. Fees once again remain unchanged. Morrison encouraged all members to invite clients and colleagues.

President Calla read the report from **PROGRAM** chair Bonnie Bowerman, highlighting:

- Last year's AGM presentation by Peter Norman, vice president and chief economist at Altus Group Economics, on the 2018 outlook, and ensuring affordable housing, accessible to all
- the 7th Annual RICS-AOLE-CIQS **Golf Tournament** at Cherry Downs on June 15
- the June dinner meeting presentation by Bruce Krushelnicki, former chair of Environment and Land Tribunals Ontario, on the evolution of the Ontario Municipal Board into the Local Planning Appeal Tribunal

Suggestions for future speakers or venues are welcomed.

Journal Chair John Blackburn reported that there were two well-received issues of **THE LAND ECONOMIST Journal** in the 2017-18 year. For 2018-19, the spring issue was dropped when the editor had a death in the family. The summer issue featured initial actions of the new Provincial government, plus Bruce Krushelnicki's incisive comments on the OMB/LPAT. The second issue is scheduled to come out in February, he said. In

the future, the Association will explore adding occasional emailed "Updaters".

**LEGISLATIVE BEAT** writer and Board member Andy Manahan also sent a written report. The provincial government has been very busy over the past seven months, he said, including:

- scrapping the cap-and-trade carbon tax
- canning the CEO and Board of Hydro
- introducing weekday GO train service to Niagara Falls
- consulting on a housing supply action plan
- reforming Places to Grow legislation
- backing off controversial "open for business" sections of Bill 66, and
- establishing the review of regional governments.

**INTERNET** Chair Mike Real reported that the **AOLE.org WEBSITE** continues to be the main way people get information about the Association and members now regularly use it to register for events and pay membership dues online.

A motion to approve all the reports together was carried.

Membership Chair John Morrison introduced the nominations for the **NEW BOARD OF DIRECTORS**. There were no nominations from the floor, and the members voted to approve the nominated slate, as shown in the list below.

## 2019-20 AOLE BOARD

### President

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### Vice President/Journal Chair

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# The Legislative Beat

By Andy Manahan, PLE

## HOUSING SUPPLY ACTION PLAN – RESCON RESPONSE

In December, Municipal Affairs and Housing Minister Steve Clark released a consultation paper to address ways to deliver more ownership and rental housing.

In its response, the Residential Construction Council of Ontario (RESCON) stressed key actions that could be taken, including:

- A. Speeding up municipal zoning updates to align with provincial plans
- B. Accelerating development approvals and modernizing the regulatory regime
- C. Improving the mix of housing typologies
- D. Reducing infrastructure and housing costs
- E. Helping to improve the climate for market rental construction
- F. Increasing innovation in the building sector

[RESCON's submission](#) contains recommendations for each topic, but here are examples from A:

Currently the process to align with the provincial growth plan can take up to eight years. RESCON recommends that municipal planning updates be fast-tracked with a one-year period for addressing under-zoning around major transit station areas (MTSAs). If a municipality fails to update its zoning around the MTSA or other areas in a reasonable period, the Minister's powers could be used to encourage compliance.

In situations where a municipality is not compliant with the growth plan,

there are bound to be issues under the new LPAT system because a municipality could refuse an application even though it is compliant with provincial objectives.

Changes should be made to the new appeals system that would allow for an OMB-type review.

## GTHA'S UNBALANCED HOUSING STOCK:

The intensification objectives which were encouraged in Ontario's landmark *Places to Grow* legislation have resulted in more multi-unit projects, but it is a polarized housing market where much of the new supply is high-rise towers, with low-rise housing at the urban edges.

A new research paper commissioned by RCCAO confirms that there is a lack of "missing middle" housing and concludes that if current trends continue, the region's housing supply will be insufficient to meet the population growth targets envisioned in the Act.

As such, the Growth Plan's density targets are not enough to achieve complete communities that provide and support a mix of housing options. CANCEA's report found that only 15 percent of GTHA households live in ground-oriented, medium-density housing, such as mid rise apartments and townhomes.

## OPEN FOR BUSINESS

Proposed legislation, called the *Restoring Ontario's Competitiveness Act*, was introduced in late 2018 which aims to reduce red tape for businesses seeking planning approvals for employment purposes.

Due to push back by municipal and community leaders about the potential to open the Greenbelt and bypass protections such as the clean water act, Section 10 of Bill 66 was withdrawn in late January, about seven weeks after it was introduced. Municipal affairs minister Steve Clark announced the course correction via social media.

Critics pointed out that Premier Ford had already made a commitment during last spring's election campaign to not open up the Greenbelt to development.

## GROWTH PLAN:

In January, amendments were proposed to the *Greater Golden Horseshoe Growth Plan* – last revised by the Liberal government in 2017 – that would reduce red tape and provide flexibility in meeting density targets.

For example, municipalities had been complaining that it was difficult to meet the targets in employment zones, especially when the nature of work has been changing with more automation and robotics.

Thus, the 2017 target of 80 people and jobs combined per hectare for development in greenfield areas would be reduced to:

- 60 in Hamilton, Peel, Waterloo and York, and
- 50 in the communities of Barrie, Brantford, Guelph, Orillia and Peterborough, as well as in the regions of Durham, Halton and Niagara.

Density targets around transit stations would remain unchanged at 200 residents and jobs per hectare around subway stations and 150 for GO hubs, but the radius would increase to 800 m from the current 500 m.

In a recent *New in Homes* column, BILD president David Wilkes points out that the Growth Plan has had the "unintended consequence of contributing to exactly the type of problem it was designed to prevent ... densification is being pushed to outlying areas of municipalities". He adds that "few of these areas are near existing transit, so residents have to drive, contributing

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to the traffic congestion and emissions the growth plan was meant to alleviate.”

**TRANSIT**

One of this government’s goals is to upload Toronto subways. While an upload was not clearly defined by Doug Ford on the campaign trail, the broad strokes involved better delivery and maintenance of rapid transit projects and a reduction in capital costs. At the time, Ford said that operations would be left to the City and that fare revenue would continue to be retained by the TTC. Michael Lindsay, a former senior VP at Infrastructure Ontario, was appointed as special advisor to Cabinet last August.

One of the first significant issues dealt with by the reduced 25-member Toronto Council in December resulted in a vote of 24 to 1 to enter into discussions with the province and a 23 to 2 vote to reaffirm an earlier larger Council decision to retain ownership of the TTC system.

Downtown councillor Kristyn Wong-Tam said that the Province is "stealing" the subway system unless it pays the city a fair market value for real estate, potential development rights and for upgrade investments made by Toronto taxpayers.

In mid-February, Queen’s Park released a [Terms of Reference](#) for discussions on the “uploading” of subway planning, assets and funding to the provincial government. City Manager Chris Murray will be the lead for Toronto on these talks.

In response to concerns that the province might extend subway lines to suburban regions and put additional pressure on an already overcrowded network, transportation minister Jeff Yurek has stated that building the Relief Line (RL) subway is the top priority.

Metrolinx has backed up this view with a new report that demonstrates that the RL South needs to be in operation before the Yonge North Subway Extension, much to the chagrin of Markham Mayor Frank Scarpitti who called the transit agency “Torontolinx”.



**RCCAO SOiil Video 1: Financial and Environmental Benefits of Best Practices**

Based on a “market driven” approach which is being tested by Metrolinx, the Province is seeking to have private developers pay for major transit stations in exchange for development rights within an 800 m zone of the stations. While this will serve to keep certain costs off-book, this derivative of land value capture will be insufficient to pay for projects costing multi-billions.

It is extremely important to have experienced real estate professionals on the government side who can negotiate favourable development deals around transit stations.

The Spadina subway extension is a recent example where the TTC demonstrated it was incapable of delivering projects more cost-effectively. Here seven new stations were designed to make an ‘architectural statement’, but with little consideration being given to increasing density above and around the stations to increase ridership and help recover costs.

Grand plans to accelerate regional transit projects will be tempered by the other prerogative of balancing the provincial budget which certain pundits have said will be more difficult in the context of lower gas tax revenues (as well as the elimination of cap and trade).

In fact, plans to create more frequent service along the Kitchener GO line have been ratcheted back because the proposed project to separate freight trains from passenger lines was dropped in favour of a co-production model where freight and passenger trains share the same corridor. This of course slows down the speed at which GO trains can travel for safety reasons, and might persuade a segment of the transit-riding public to drive instead.

**ENVIRONMENT PLAN**

Two major issues which RCCAO has been advocating were included in environment minister Rod Phillip’s Made-in-Ontario Environment Plan. Here are direct quotes from the document which was released in late November at the Cold Creek Conservation Area in Nobleton, with yours truly being the only industry representative present:

1. Look to modernize Ontario’s environmental assessment process, which dates back to the 1970s, to address duplication, streamline processes, improve service standards to reduce delays, and better recognize other planning processes.
2. Recognize that excess soil is often a resource that can be reused. Set clear rules to allow industry to reduce construction costs, limit soil being sent to landfill and lower greenhouse gas emissions from trucking by supporting beneficial reuses of safe soils.

RCCAO produced three soil videos last year which highlight the benefits of implementing best soil management practices.

[Video 1: Financial and Environmental Benefits of Best Practices](#)

[Video 2: Words of Wisdom from a Watermain Contractor](#)

[Video 3: Big Bang for the Buck on Megaprojects](#)

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