

The Land Economist

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Professional Journal of the



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of
Ontario Land
Economists**

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Political support for new ownership housing co-ops could save up to 20,000 construction jobs across Ontario, say non-profit housing consultants Options for Homes (see page 4). The firm has produced several such projects, including Parliament Square, above.

NEWS BRIEFS

Huntsville benefits from 2010 G-8 Summit

Canada's decision to host the 2010 annual meeting of the G-8 at Deerhurst Resort in Huntsville is boosting the local economy now and leaving a legacy for the future.

In April, federal Industry Minister and MP for Parry Sound-Muskoka Tony Clement announced \$50 million in funding towards Summit infrastructure. First off the bat was a \$20 million, 70,000 square foot expansion to the existing Huntsville Centennial Centre/Arena, for the Summit Centre. In May, \$9 million was added for another 40,000 square feet of new in-door headquarters/accreditation space for the Summit Planning Office.

Once the G-8 Summit is over, the federally built facility will be leased to the University of Waterloo. After being refitted with labs and equipment, it will be operated by the university as a world-class environmental research centre and learning facility with accommodation for up to 50 students and staff. Plans include undergraduate and graduate degree programs,



conferences, training for mid-career professionals and ecological sustainability research.

Moving trucks at Regent Park redevelopment, Phase 1 (Toronto)

Early May saw the first of the Regent Park tenants who were displaced three years ago moving back 'home'.

The \$1 billion Regent Park Revitalization is a 15-year, six-phase strategy that will transform Canada's largest publicly funded community into a mixed residential community for 12,500 people in 5,115 units. New roads, amenities, services and commercial outlets are planned to knit the area back into the surrounding community and help overcome its history of drugs and crime.

Phase I of the revitalization will include approximately 640 market condominiums and 340 mixed social housing units, plus a mix of commercial tenants.

The first completed project is Toronto Community Housing's 61-unit, 8-storey mixed income family building at 246 Sackville St.

That is also the site of a TCH/Corix Utilities district energy plant that, when built out, will serve all the residential and commercial units in the revitalization, and possibly provide heating and cooling to projects off-site as well. With initial units running on natural gas, it will also have the potential to generate electricity from green sources like cogeneration, solar and geothermal in the future.

The Daniels Corporation has started marketing the revitalization's first market condominium project, OneCole, where first occupancies are slated for this fall.

The LEED-Gold designed complex offers both apartments and townhouses.

ANDY MORPURGO

We recently learned that A.R. (Andy) Morpurgo, MCIP, PLE, passed away in Italy in early 2007 in his 87th year.

An Association of Ontario Land Economists member for many years, Andy served as Council Chair in 1981-2. He also organized the association's annual seminars, and wrote the Legislative report for this Journal from 1991 until he moved back to his native Italy in 1996.

After his early years traveling the world on heavy construction projects, Andy came to Canada just in time to supervise development of the Don Mills subdivision with Marshall Macklin Monaghan Ltd.

He then joined the provincial civil service, working in the departments of Planning and Development in Toronto and Municipal Affairs in Port Arthur. In 1972, he returned to Toronto and created the Regional Priority Budget for Treasury, Economics and Intergovernmental Affairs (TEIGA). By the time he retired from the civil service in 1984, he was director of strategic development (regional priorities), which had moved to the department of Northern Affairs.

One green feature is an air filtering 'living wall'. Sobeys, Royal Bank of Canada (RBC), and Tim Hortons have been confirmed as tenants and active participants. Daniels also offers qualified purchasers a 10% "First Home Boost" second mortgage, similar to the one Options for Homes describes on page 4 of this Journal.

At the end of April, Daniels was selected as the developer and construction partner for the next five phases.

The Phase II plan was also released. It includes high-rise, mid-rise and grade-related housing, a new community centre with recreation programs and employment/enterprise services, an aquatic centre, a large central park, and strong retail frontage on Dundas Street. The new Regent Park Children and Youth Hub is just getting under construction.

Welcome New Members!



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'At-risk sectors' wary of Cap and Trade details

In May, Ontario's draft 'Cap and Trade' legislation and a discussion paper on proposed approaches were released for public comment. With current support in the U.S., 'Cap and Trade' appears to be the way of the future for dealing with industrial greenhouse gas emissions (GHGs) — but program details can make a huge difference for 'at-risk sectors'.

- First issue is trade exposure. Costly regulation could mean local products get replaced by imports from less- or non-regulated areas. Potential impacts are most pronounced for sectors like steel, cement, aluminum and chemicals. This shifts where the GHGs get produced ('emissions leakage'), and can increase global GHG totals.
- Second is whether emissions are defined by energy- or carbon-intensity. If carbon, products like cement face a double whammy. That's because approximately 60% of the GHG emissions from the production of cement are caused by the chemical process itself (calcination). They can't be reduced to meet new lower caps — and unlike other plans, the approach to Cap and Trade proposed by the Western Climate Initiative (WCI), which Ontario joined in July 2008, doesn't make allowance for that.

The WCI includes seven U.S. states (some 20% of that country's economy), and Quebec, Ontario, Manitoba and British Columbia (about 80% of Canada's). Other systems include the proposed American Clean Energy and Security Act 2009 (Waxman-Markey), two more regional U.S. systems, the Canadian federal proposal (Turning the Corner), Australia's just-introduced Carbon Pollution Reduction Scheme, and the European Union's Emissions Trading System (EU ETS, initiated in 2005).

The Cement Association of Canada has called on the WCI partners to look into these concerns, and:

- establish a uniform approach to targets/allowances that recognize cement's fixed process emissions
- allocate enough free allowances to cover baseline emissions from calcination, and
- provide enough additional free allowances to prevent substitution

from less- or non-regulated jurisdictions. (Australian reports suggest cement and a number of other industries require 90% assistance.)

"As cement manufactured in WCI jurisdictions is completely substitutable with cement from other jurisdictions, including process emissions in the scope of the cap and trade system will place WCI-located cement facilities at risk of operational closure," the CAC submission said.

It would also "contribute directly to the leakage of production, emissions, and economic benefit to jurisdictions outside the WCI, while achieving no net reduction in global greenhouse gas emissions."

Under a Cap and Trade system, 'caps' are set on how much GHG each sector will be allowed to produce, reducing over time. The initial allowances can be handed out for free, or auctioned, or a mix of the two. A market vehicle is set up so companies whose emissions are lower than their cap can sell their 'extra' allowances. Those whose GHGs go beyond their cap must buy additional allowances to cover their actual level.

Ontario is considering policy options now. Comments are due by July 26. See www.ebr.gov.on.ca, registry notice number 010-6467 for the legislation and 010-6740 for the new discussion paper.

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If the energy FITs ... Sell it!

Ontario is the first jurisdiction in North America to introduce a proposed Feed-In-Tariff (FIT) for renewable energy. A popular instrument in Europe, a FIT establishes prices that the electrical power authority will pay to individuals or companies feeding renewable energy into the power grid. It is important to get the price levels right — too low and it will not produce the hoped-for supply; too high and it can create serious disruptions in the energy sector. In May, the Ontario Power Authority presented revised proposed prices, giving more capacity ranges for waterpower, biomass and biogas, with higher prices for smaller plants, as shown below:

Renewable Fuel	Capacity	Proposed Price (c/kWh)
Solar Photovoltaic:		
Rooftop or Ground mounted	≤ 10 kW	80.2
Rooftop	> 10 ≤ 250 kW	71.3
Rooftop	> 250 ≤ 500 kW	63.5
Rooftop	> 500 kW	53.9
Ground mounted	> 10 kW ≤ 10 MW	44.3
On-shore wind	Any size	13.5
Off-shore wind	Any size	19.0
Waterpower	≤ 10 MW	13.1
Waterpower	> 10 MW ≤ 50 MW	12.2
Biomass	≤ 10 MW	13.8
Biomass	> 10 MW	13.0
Biogas	≤ 500 kW	16.0
Biogas	> 500 kW ≤ 10 MW	14.7
Biogas	> 10 MW	10.4
Landfill gas	≤ 10 MW	11.1
Landfill gas	> 10 MW	10.3

More details of the revised rules, draft contract and pricing are available at <http://www.powerauthority.on.ca/FIT/Page.asp?PageID=924&ContentID=10180>, click *Session 8 presentation - May 12, 2009*.

Five-point plan for up to 20,000 jobs

The recession is posing a very real threat to the jobs of many Canadians in the residential construction industry. If we act now to support the current sales of residential units through the use of the Options for Homes model and reliable political support, we can save 10,000 jobs in the Greater Toronto Area. If the model is applied to Ontario as a whole, we could double those figures to 20,000 jobs.



By Michel Labbé and Jessica Speziale

Rendering of Options for Homes' High Park project.

The residential construction industry is fully predictable: once you get the sales, the rest is just math. The cranes you see today are the sales from last winter; the disappearance of the cranes and the associated unemployment figures in 2010 will directly result from the reduced sales of this winter.

Therefore, saving jobs in the construction industry must involve creating new sales of homes today. Further, they must be cost-effective units to sell in the current economy.

The Five Point Plan

To save 10,000 construction jobs next year, we propose a five point plan.

1. Designate 5000 units-worth of municipally controlled land for a one time affordable home ownership program. There are, for instance, 2000 units-worth of land in the Lower West Donlands in downtown Toronto that could be ready to go by next winter.
2. Use the Options for Homes model delivered by 10-12 similar organisations working with contractors on tight margins to produce our normal \$60,000 reduction in cost.

3. Postpone collecting government fees and 50% of the land value for several years. The homes are being built earlier than they would have been and jobs have to be the priority. This will reduce the cost price of a home by a further \$40,000.
4. Commit to a faster approval process. By selecting the right sites, the City would be able to get the approvals in place by next winter if they start in March.
5. The launch of the sales program should initially be done by the Mayor, Premier, and Prime Minister. Ninety-five percent of the homes would be aimed at owner occupants, and 90% would have to be purchased by households with incomes below \$75,000 in order to avoid taking sales away from the regular development industry.

Political support is vital

In order to achieve these sales in the immediate future, political support in the form of access to land, timely approvals, and the

postponement of certain charges and fees is needed.

This kind of support will be more effective than the Federal budget's \$2 billion for affordable housing. That money is primarily targeted to rental projects which will take time. Ownership housing can start now. We only need access to land and the approvals.

In addition to taking more time, rental housing is more costly to produce as well. Ownership housing is 25% less expensive. These savings occur in several ways including lower maintenance costs as owners take care of their own suites, lower government fees than rental units, and lower realty taxes.

What if values slide?

After seeing the impact of sliding property values in the U.S., Canadian families are getting nervous. The Options model has a built-in cushion to protect home owners in the event of value decreases.

The second mortgage on Options Units is repayable upon sale or rental of the unit. Should the resale value of the unit erode due to market pressures, the second mortgage will absorb up to a 13% drop in value. This feature protects lower income families from getting in over their heads.

Michel Labbé is President of Options for Homes, a non-profit condominium consultant in Toronto. Jessica Speziale is Marketing Coordinator. For more information: www.optionsforhomes.ca.

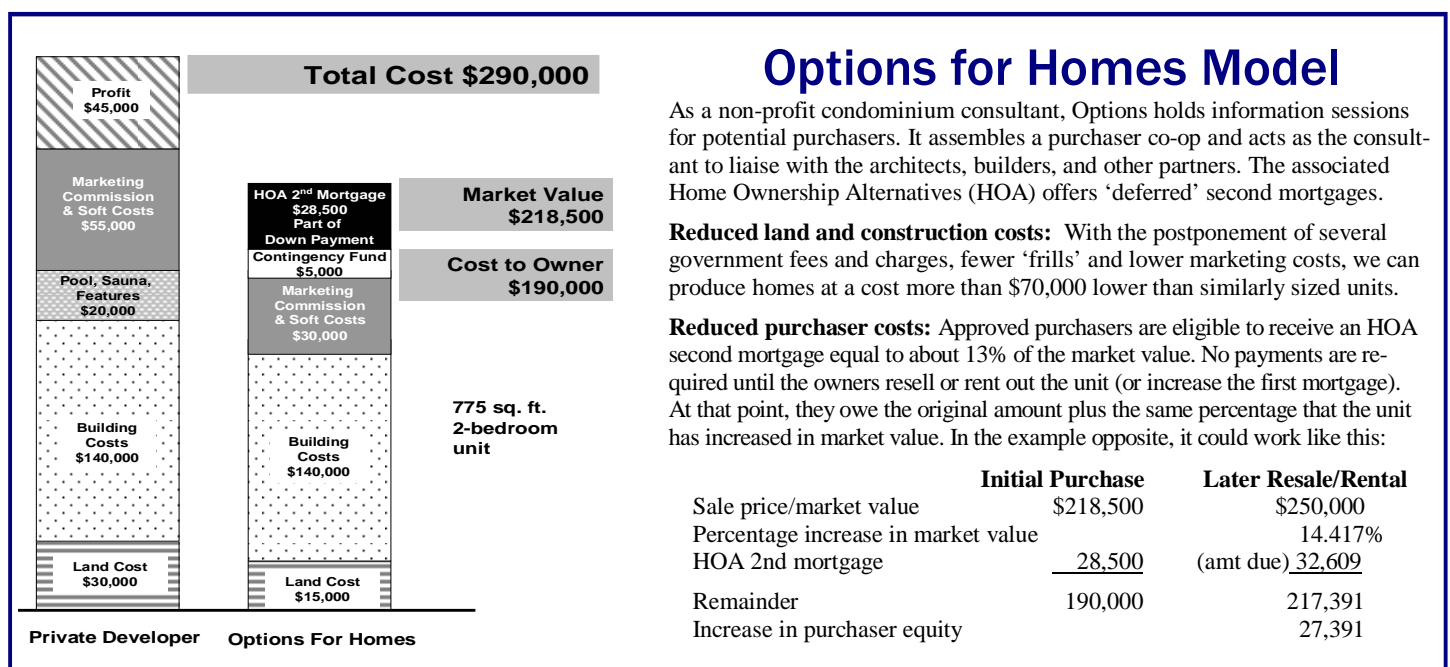




PHOTO: Carol L. Hancock

Modernist design by Giannone Petricone Associates Inc. and pellow + associates architects inc.

'Main Streets' in Don Mills

Cadillac Fairview's 'first in Ontario' outdoor urban village retail redevelopment opened in April at the Shops at Don Mills, Toronto.

Critical reaction was immediate and positive. Christopher Hume, writing in the Star, said: "The advantages of the new/old approach are so obvious they cannot be denied. If (how to create new urban space) is the question, this is the answer."

The Globe and Mail's 'Architourist' Dave

LeBlanc had objected to earlier "faux Victorian" design proposals. In the early 1950s "Macklin Hancock, the 27-year-old planner of Don Mills, had been so successful in creating a landmark community that already had a distinct architectural style — Modernist." However, he said, the new centre has turned out to be "a 21st century modernist commercial district alive with wide, walkable streets", and a "heart transplant" for the centre.

Architecture critic, Lisa Rochon, praised the "dynamic rhythm set up in the way that storefronts are articulated, with some pushing forward, others receding", and the "interesting relationship between planes floating up and against each other

(which) was part of what was expressed by modernist architects".

The retail component is Phase I of the \$225 million redevelopment project. It features 455,417 sf of retail and restaurant space, 65,067 sf of office space, a 58,125-sf Town Square with automated water fountain, winter skating rink and event programming throughout the year, and numerous large trees and pieces of public art.



High end tenants include ski and snowboard shop Salomon, McNally Robinson booksellers, Anthropologie, the elegant sister brand of Urban Outfitters, and gourmet food store McEwan.

There have been some objections to the way the Phase I redevelopment ignores Don Mills Road — the streetscape on that proposed major transit route is just parking. Also, mall neighbours fought the loss of indoor space to meet and walk.

In Phase II (Reflections), Fram Building Group and CF are adding quality 12- to 26-storey residential building complexes with 1,300 units. Registration is open now.

See www.shopsatdonmills.ca. **RM**

Non-Profits seek program changes

New federal and provincial budget allocations for affordable housing earlier this year were welcomed by the Ontario Non-Profit Housing Association (ONPHA). However, says executive director Sharad Kerur, some program changes are needed to make sure the money serves tenants most in need.

"This is a huge opportunity," Kerur said in a recent interview. "This is \$1.249 billion of money we will never see again. But the federal government has reluctantly done this — they are not of a stripe that supports social housing — and they are more than prepared to yank it off the table."

In fact, the money is in two one-year envelopes, and money not spent in 2009-10 may not be moved into the 2010-11 budget, he warned.

Speed "will depend on what the province will allow or disallow, and the number of consent and regulation processes we have to go through."

In April, ONPHA made a number of recommendations for 'vital' improvements to the efficiency of the Canada-Ontario Affordable Housing Program. These include:

- Provide sufficient capital funding ("sufficient" being decided locally, in the context of local markets) to produce market rents. AHP funding of \$70,000 per unit resulted in very tight capital and operating budgets creating viability issues, and prevented projects from reaching the neediest tenants.
- Where necessary, allow fewer units to be developed with a larger funding contribution.
- Require units to be affordable for 35 years or the amortization of the mortgage, whichever is longer.
- Remove restrictions on stacking programs.
- Make post-approval Project Development Funding and interim financing more readily available to non-profits and co-ops.
- Allocate up to 10% of the funding to affordable home ownership.

Mayor's Tower Renewal could rebuild communities

The Mayor's Tower Renewal (MTR) initiative in Toronto has the potential to transform the city, Michael McClelland, principal of E.R.A. Architects, told Ontario Land Economists in February.

Toronto has "more high rises than any other North American city except New York," McClelland told members after the Annual General Meeting. Starting in the 1950s, these towers were built "not only in the downtown core but also in the suburbs".

In fact, he said, in 1968 noted inventor/architect/engineer Richard Buckminster Fuller stated that Toronto had "a type of high density development far more progressive and able to deal with the future than the endless sprawl of the U.S."

Those older rental apartment developments face serious challenges today because of inefficient building envelopes and systems, regulatory, tax and economic hurdles, and the failure of the once-popular "tower in the park" ideal.

They are a key source of mid-to-low income family rental housing, but have few amenities to make family life easy. "When I was a kid, I lived very close to one of these," McClelland said. "It was no fun. It was very isolating."

People currently mapping neighbourhoods' needs hear comments like: "I'd like access to a coffee shop nearby", and "There should be different forms of housing", and "There should be a park – this isn't one", he added.

However, the concrete structures are generally sound, re-skinning them could produce very significant energy savings, and redeveloping the sites could produce vibrant new green neighbourhoods.

They could also go a long way to support Toronto's key objectives for transit, increased density, and the liveable, green city.



PHOTO: courtesy Mayor's Tower Renewal, City of Toronto

Kipling Road Apartment Towers

The MTR initiative aims to encourage owners to upgrade the energy efficiency of their towers, while redeveloping their underused sites and adding elements to help meet residents' needs.

McClelland showed some examples of how older rental tower sites have been redeveloped in Europe. These included adding a mix of housing types and forms of ownership, new public spaces, outdoor markets, kiosks, and retail podiums, community gardens, community facilities and infrastructure (schools, recreation, healthcare, real parks, etc.)

In London, England, a variety of services including language training, community meeting rooms, a public library, and small shops rented to local merchants are all housed in "The Idea Store". Its mission is "Welcome to London. How may we help you?"

During the question and answer session, Russell Matthew of Hemson Consulting pointed out that earlier developments "changed very quickly from the ads featuring a man with a grand piano to a place where you wouldn't want to live."

Janina Milisiewicz said that mixed use redevelopments seem to work in the St. Lawrence neighbourhood and the Distillery District, but "there's nowhere else that I know of".

Another attendee added that they had wanted to put retail on apartment lands, but the planning process "doesn't allow for that ... 'mixed use' just seems to mean 100% of any one of them".

In the past, City policies have effectively strangled the potential for these sites, McClelland said. Redeveloping them requires "vision – and a fairly major overhaul of everybody's ideas about how buildings and the space in and around them should be used," he said. "The MTR initiative is being handled through the Chief Administrator's Office (in Toronto) because of the complexity."

The new MTR unit will help get the various departments all working towards the same vision.

Four pilot projects have been identified: one at Kipling and Finch owned by Humber Properties; one at Markham and Eglinton owned by Capreit Apartments; one at Don Mills and Sheppard owned by Homestead Land Holdings, and part of the Toronto Community Housing Corp.'s St. Jamestown project at Wellesley and Parliament.

A report is expected in the fall, and the projects are targeted for completion by the end of 2011.

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which sets the stage for large-scale renewable energy development in the province, notably through the introduction of guaranteed rates for energy generated from renewable sources through high feed-in tariffs. Fast-track approvals for green energy projects such as wind, water, biomass and solar will occur through a new permitting process.

A number of measures are aimed at promoting more energy conservation. For example, home energy efficiency audits

prior to the sale of a home will now become much more widespread.

Legislative wording states: "a person making an offer to purchase an interest in real property has the right to receive from the person offering to sell the property such information, reports or ratings ... relating to energy consumption and efficiency." The vendor shall provide such information before accepting the potential buyer's offer, unless the buyer waives this provision. Originally intended to be mandatory, this provision was modified due to external pressure from various groups.

The GEA received Royal Assent on May 14th. Regulations regarding transitional and other matters have yet to be drafted. Phase out of coal power is still targeted for 2014.

The province hopes that these initiatives will result in 50,000 new jobs over the next three years.

Metrolinx

The importance to the government of proceeding with implementation of the Metrolinx Regional Transportation Plan (RTP) was made evident by the quick passage (six weeks) of Bill 163, The Greater Toronto and Hamilton Area Transit Implementation Act, 2009.

A complete overhaul of the governance structure is the most sweeping change. Publicly-elected officials such as regional chairs and mayors, who successfully approved the RTP last November, have been replaced by private sector representatives.

Transportation Minister Jim Bradley said that the newly configured Metrolinx will result in faster decisions on transit infrastructure projects.

Even though certain Metrolinx board members such as Toronto Mayor David Miller expressed their displeasure about the restructuring, the Toronto Mayor's objections were muted by Premier McGuinty's April 1st announcement of \$7.2 billion in funding for two light rail projects within the city.

Andy Manahan is Executive Director of the Residential and Civil Construction Alliance of Ontario, and AOLE's Legislative Chair.

Even more green jobs?

A recent report released by WWF-Canada, the Green Energy Act Alliance and Blue Green Canada says the province could achieve even more jobs through its Green Energy Act.

For example, expanding clean energy projects to include offshore wind and smart-grid development and increasing funding to \$47 billion over a 10-year period could produce 90,000 jobs. United Steelworkers Canada said its members "are ready to produce the next generation of clean energy products and parts, such as steel for windmills and glass for solar panels."

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AOLE Annual General Meeting



Due to unforeseen circumstances, the Association's 2008 Annual General Meeting was delayed until February of this year. The event took place at the Royal Canadian Yacht Club's St. George St. location in Toronto and featured dinner speaker Michael McClelland of E.R.A. Architects speaking on the Mayor's Tower Renewal initiative (see article on page 6).

The business part of the meeting reported that cost cutting measures had produced a \$9,014 excess of revenue over expenses for the year ended March 31, 2008 (audited). Final figures for fiscal 2008-9 are anticipated to show a surplus of \$2,711. Konrad Koenig and Dave Sanna were stepping down from their positions on Council. The following slate of officers and members was elected to direct the Association's operations.

The next AGM and elections are being planned for early fall 2009, bringing the Association's schedule back on track.

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March 26th Budget

Increased investment in infrastructure capital has been viewed by many countries around the world as an effective recession-fighting tool. In a pre-budget announcement, Finance Minister Dwight Duncan set forth \$27.5 billion in provincial infrastructure spending over a two-year fiscal period (2009-2011), with the bulk being allocated to Transportation (\$9 billion), followed by Health (\$7.1 billion) and Education (\$3.8 billion).

Revenues for 2009-10 were estimated to be \$96 billion while expenditures were forecast to be \$110.1 billion (including a \$1.2 billion reserve) for a deficit of \$14.1 billion. Duncan projected the deficit over the next two years would be \$18 billion, signaling that there is optimism for improvement in economic conditions beyond 2010, although return to balanced budget conditions was not expected until 2015-16.

Impact of General Motors bailout

On June 1, after Canada and Ontario announced a \$10.5 billion rescue package for GM, the province revised its 2009-10 budget deficit forecast to \$18.5 billion. That is 31 per cent more than the \$14.1 billion it forecast in March.

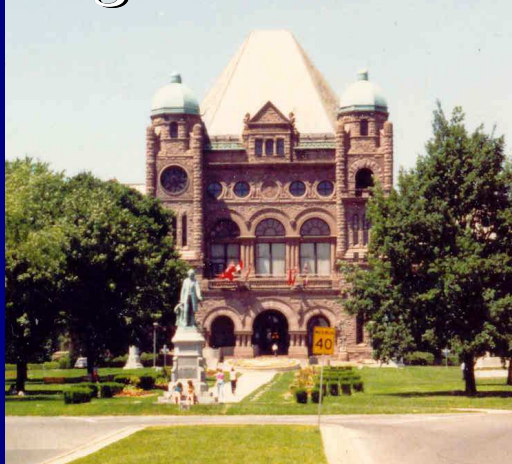
GST-PST Harmonization

High-level, private discussions between Ottawa and Queen's Park, including a \$4.3 billion financial incentive provided by the federal government, resulted in the province introducing a Harmonized Sales Tax in the budget. A number of goods and services previously exempt from the PST, now will be subject to a 13 per cent tax. HST tax credits have been calculated to soften the blow for low to moderate income Ontario residents.

While the HST has had strong support from the business community, led by the Ontario Chamber of Commerce, there has been push back from the residential construction industry.

New home builders have been pointing to the inconsistency of the budget's objective to stimulate the economy when this measure will result in more job losses and possible tax avoidance. Resi-

The Legislative Beat



By Andy Manahan PLE

dential renovations will now be subject to a provincial sales tax, potentially driving more consumers to the underground economy.

A number of changes are being contemplated such as:

- fair transitional rules for new home buyers (especially for high-rise projects where the building period is longer)
- a rethinking of the thresholds (the budget planned for a phasing in of the full 13% rate between \$400,000 and \$500,000). The current thresholds are particularly problematic in the Toronto market area where a higher percentage of new homes and condominiums are priced over \$400,000.

It is expected that regulations for the Harmonized Sales Tax will be released in a few months, with implementation set for July 1, 2010.

Opposition Party Reaction

The PC Caucus has been critical of the Liberals 'tax and spend' approach in this budget. In particular, the four leadership contenders have to varying degrees stressed that the HST represents another broken promise by the McGuinty government. This has created an interesting dynamic as the federal party, and in particular finance minister Jim Flaherty, has been a staunch advocate for a single sales tax. The provincial PC leadership convention is set for June 27th.

The NDP, under the new leadership of Andrea Horwath, has been critical of corporate tax cuts. However, the NDP has also stated that the HST is an unfair tax grab that will increase the cost of "gas, hydro and everyday purchases like coffee and newspapers."

Ontario in the Creative Age

In February, the Martin Prosperity Institute released "Ontario in the Creative Age" prepared by Richard Florida and Roger Martin, Dean of U of T's Rotman School of Management. Premier McGuinty, through the 2008 provincial budget, asked for this study to provide recommendations on "how to ensure Ontario's economy and people remain globally competitive and prosperous." The main paper is

supported by a number of working papers.

The report sets a target for Ontario to become the first jurisdiction in the world to have half its workforce in the high-value, high-paying jobs of the creative economy by 2030. The authors also recommend that we reinforce the development of our regional clustered industries to compete more on the basis of distinctive advantage than on low cost or replication of what is done elsewhere.

With the ongoing economic restructuring, it will be challenging to shift unemployed manufacturing workers to other sectors. While generating creative jobs is a lofty goal, there will no doubt be pain during the transition period.

EI Reform

Finance Minister Dwight Duncan recently attended a finance ministers' meeting to press for reform to Employment Insurance rules as well as to promote broader dialogue on pension coverage and retirement incomes. Unemployed individuals in Ontario receive, on average, \$4,600 less in EI benefits than those Canadians elsewhere.

Green Energy Act

On February 23rd, Energy and Infrastructure Minister George Smitherman introduced Bill 150, the Green Energy and Green Economy Act, 2009 (GEA)

(Continued on Page 7...)