



REITs in Canada — Interrupted Fanfare or Outright Failure?

by Bonnie Bowerman

Writing an article on Canadian Real Estate Investment Trusts (REITs) is akin to elaborating on the tailoring aspects of the mythical Emperor's new suit: neither one really exists and yet both have attracted a lot of attention. Since mid 1993, a large amount of press has been devoted to this new wave in real estate financing, yet very little has materialized in Canada. This article discusses why.

what Are REITs?

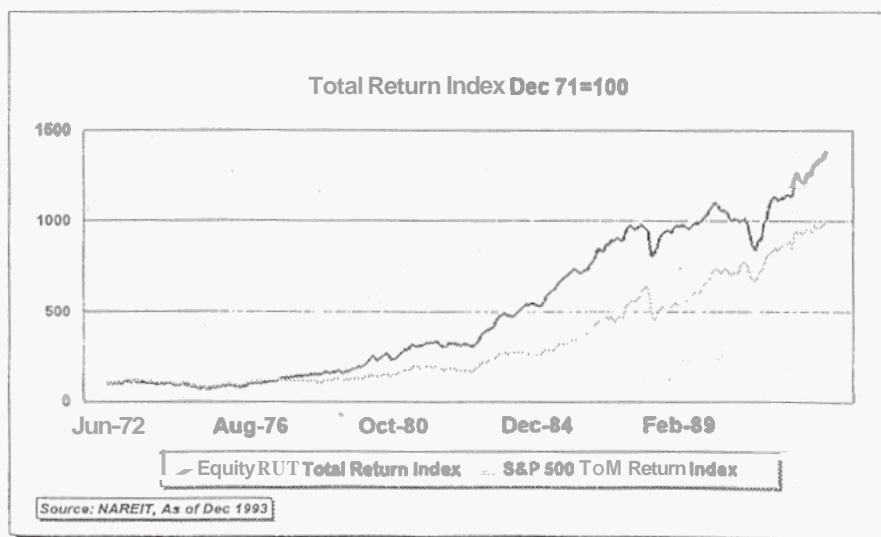
The true Real Estate Investment Trust is a creature of U.S. tax law, designed to encourage individuals to invest in commercial real estate.

The underlying concepts and requirements are fairly simple:

- It must be organized as a business trust, an association or, as is usually the case, a corporation
- Most of the assets (minimum 75%) must be in real estate
- Ownership must be widely held (minimum 100 unit holders, with not more than 50% of the shares held by less than five unit holders)
- It must be managed by elected trustees of whom the majority must be independent
- The majority (75%) of its income must come from rental or mortgage income. The sale of properties held less than four years can represent no more than 30% of its gross income
- Most importantly, 95% of its annual income (excluding capital gains) must be distributed to the unit holders as dividends. It is then taxed in the hands of unit holders as if they held the real estate directly.

The U.S. REITs' main advantages are that they:

- eliminate double taxation (U.S. REITs are exempt from federal corporate taxes on any income or capital gains that they distribute to unit holders)
 - can provide limited liability to their unit holders if organized as a corporation
 - have liquidity; i.e., stock exchange listing
 - do not attract land transfer taxes
 - do not face onerous administrative or compliance burdens
- From this relatively simple format, a full-fledged industry has gradually



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come to life in the U.S. Since 1960, the **REIT** market has grown at a fairly strong pace. In the last two or three years REITs have attracted much higher levels of capital: during 1992 to 1993, the capitalization of REITs virtually doubled to total \$34 billion, with more than 186 different REITs are being publicly traded.

The boom is a result of lower interest rates and the attractive arbitrage opportunities available in many of the U.S. real estate markets. REITs have also provided attractive returns over the long term, and have been accepted by money managers as a good long-term vehicle for diversification.

During the last 20 years, the total return provided by U.S. Equity REITs has outperformed the Standard and Poor 500 (S&P 500) by some 20%. However, periods of turmoil and recession have made these returns vulnerable to volatile declines. For example, during 1986-1990, the Equity **REIT** share price index declined by 31%, while the S&P 500 rose 36%. When the entire universe of REITs is considered (including those investing in equities, mortgages and a hybrid portfolio), the returns have not matched those of the S&P 500.

How Are They Valued?

There are REITs in the U.S. which trade at a premium to their underlying real estate values, but only those which are able to maintain high growth expectations.

Growth can be achieved in two ways:

1. Internally, either by improving operating performance or by virtue of market factors such as rising rents, declining vacancies or a lower cost of capital.
2. Externally, by arbitrage; i.e., acquiring distressed property at capitalization rates in the 9% to 11% range, while the cost of capital to the **REIT** is only in the 5% to 8% range.

REITs without strong growth expectations trade at a discount to their underlying real estate asset values.

Are There Canadian REITs?

In spite of the concerted effort from the brokerage community, there are no security vehicles in Canada which incorporate all of the attractive tax and structural features which have fuelled the strong growth south of the border. This is largely due to the fact that Canadian tax and trust laws don't accommodate the dual features of avoiding double taxation and limiting liability.

Three REIT-like vehicles do trade in Canada: Realfund, Counsel and Meffin's Canadian Real Estate Investment Trust (CREIT) all emerged from separate efforts to rescue existing open ended real estate mutual funds, which were forced to freeze withdrawals when their respective net asset

value of the best publicly held property portfolios in the country traded at a 20% discount to net asset value. None of these new issues offered limited liability and in some instances there were unresolved conflict of interest issues.

Will the Situation Change?

On May 27, 1994, Revenue Canada confirmed its intention to allow a Real Estate Trust which provides a prescribed redemption feature to qualify as a mutual fund trust for tax purposes. A mutual fund trust closely resembles the taxation structure of a U.S. REIT. It is exempt from Part 11.2 (non-resident withholding tax) and land transfer taxes. It is fully open to non-residents and eligible for Registered Retirement Savings Plan, Registered Retirement Income Fund,

and Deferred Profit Sharing Plan investment. Most importantly, it eliminates double taxation: income and gains are taxed only once, in the hands of unit holders.

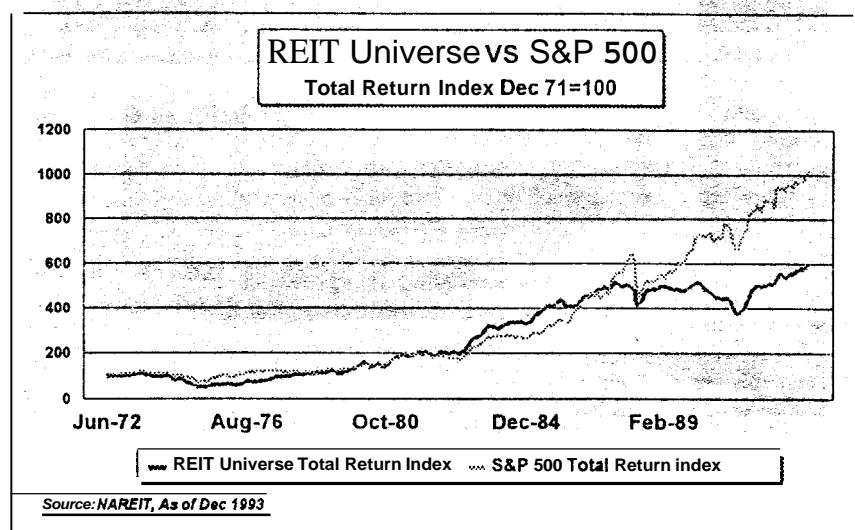
However, the liability situation is unlikely to change. Unlike their U.S. counterparts, Canadian unit holders can be held personally liable for the obligations of the fund.

The three main liability threats relate to debt, environmental clean up costs and corruption.

Trusts can mitigate the debt issue by ensuring all debt included or entered into has recourse only to the trust.

However, the environmental problems are not quite so simple. In Canada, any controlling entity of a property can be held liable for the clean up costs associated with the property regardless of when the contamination occurred or who was responsible. Environmental audits can be conducted and appropriate insurance can be acquired. While that reduces the risk, it does not eliminate it.

The last problem relates to human nature. In previous investment tax schemes, there has usually been some element of outright fraud or misrepresentation. While the offerings to date all have been from large, respectable firms, the opportunity will exist in the future for the less-than-respectable to emerge.



values could not sustain the high level of redemptions. In late 1993, each of these three vehicles converted to either a closed end listed trust or a modified mutual fund trust structure.

In addition to the original three offerings, a second wave of REIT-like offerings were brought to the market in early 1994, and then withdrawn for a variety of reasons. This second wave, with a total value of \$405 million, included offerings from H & R Developments, Orlando Corporation and the Frum Group.

The failure of these new issues to attract sufficient institutional investment can be attributed mainly to the commercial terms offered. Many of the issues tried to place mediocre real estate at the appraised value or at a premium to the appraised value, with no discount for a bulk sale, at a time when

OMB faces “extreme transition”

The Ontario Municipal Board (OMB) is going through a “period of extreme transition”, says its new Chair, Helen Cooper.

For one thing, it is experiencing a number of retirements. “By the end of this year, half of the (Board) will have been members four years or less,” Cooper told the Association of Ontario Land Economists’ Annual General Meeting. “You can speculate on what that will mean for you.”

In addition, serious efforts are being made to streamline and adapt to new responsibilities.

The proposed Amendments to the Planning Act expand the list of possible reasons for dismissal of hearing applications, including such new concepts as “prematurity”. The new wording in the Planning Act “is inevitably going to be tested,” Cooper said — “it’s going to be a rocky road for a while.”

Currently, the OMB is processing more than 2,000 decisions per year. Sheer volume creates problems. Recently, the Board has become known as “the Backlog Board”, she said. It is now going through an “extremely concerted effort to turn that around.”

A recent pilot project assessed mediation as an alternative to full Board hearings. Mediators offer experience and an atmosphere of trust — which work. “Very often, you’ve got a lot of emotion involved, that has nothing to do with land planning.” Half of the cases reached agreement, she reported, while another 30% narrowed the issues so much that “instead of a three to four week hearing, they needed only three to four days.”

In addition, full sessions are being held in Eastern Ontario, with Board members, caseworkers and staff working together to see cases through.

Recognizing that 15% of Board time is lost due to adjournments, the OMB has adopted a new policy — adjournments will no longer be granted automatically, even on consent of the parties.

In response to a question about dismissal of frivolous objections, Cooper noted that motions to dismiss are “not used nearly as frequently as they could be”. The Board has held motion days in the past, “but nobody came. I think the problems was, we didn’t publicize them enough. We will do more, just plan better and advertise better.”

In her presentation, she stressed the OMB’s role as an administrative tribunal. “We adhere to policy; we don’t ‘lead’ or ‘create’ it.”

The Sewell Commission review of planning caused a lengthy internal debate, she said. The OMB decided only to comment on

those recommendations for change which would affect the Board itself. It did not support or oppose changes — only commented on administrative implications.

She mentioned that other provinces do not have an equivalent body to the OMB, relying instead on municipal decisions, mediation and the courts.

In civil courts, she added, the outcome is treated as though it is of interest to the two parties involved and not really to anybody else. In Board hearings, on the other hand, “there is always a third party: the public interest”.

In one recent case, the parties mediated an agreement which they wanted the Board to accept. But the Board called its own evidence and came up with another decision — which it thought better protected the “generation to come who will be living in this province, (and who) may benefit or not benefit from the ways the land is being used now.”

In addition to the current legislative obstacles, there are a number of reasons why REITs are unlikely to flourish to the same relative degree in Canada as they have in the U.S., namely:

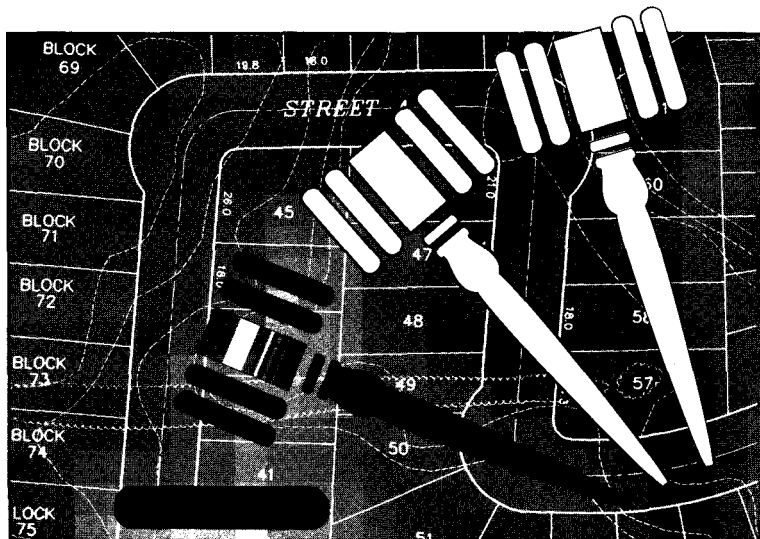
- Canadians are more conservative
- There is less investment grade real estate available in this country and the bulk of it is controlled by banks and life insurance companies
- There are lingering bad memories of the Multiple Unit Residential Building program (MURBs), and Limited

Partnerships. In the past, such tax-driven vehicles in Canada failed primarily because the focus was not on quality product and sound management, but on promoter profit.

Despite these drawbacks, the tax efficiency offered by REIT-like trusts may become increasingly attractive over time, particularly in our high-tax environment. If the product, price, structure and management are sound, then the added bonus of improved after-tax yields may result in a

limited number of future issues being successful. This is particularly true at a time when real estate is generally regarded as either at the bottom or poised for recovery.

Bonnie Bowerman is a senior consultant and analyst with Drivers Jonas, a multi-disciplined consulting practice which specializes in objective advice on real estate issues.



Land Economics &

Governments Must Reduce Waste

Residential intensification can only affect one third of the land used for new development, says Sylvia Davis, consultant. More than **40 per cent** of new development land is used for public purposes, she pointed out. "One of the largest gobblers of land is storm water management. It takes even more land than schools."

Governments must reduce wastage at all levels. "I'd like to see some Boards and Commissions being integrated at the GTA level, because we're absolutely wasting our money." Some candidates for integration might be parks and fire departments and school boards.

How to Clean Up Dirty Lands Policy

There are few things more unfriendly to the environment than the current policies on so-called "contaminated" lands, says Gardner Church, professor of urban planning at York University.

"Canada's Ministers of the Environment have focused on liabilities," instead of solutions. Because of those liabilities, financial institutions, and just about anybody else involved in development, are demanding that older urban lands slated for redevelopment be given a clean bill of health before anything gets done. But provincial environment ministries "won't say (a site) is clean unless it's sterilized".

You would think that, if these are such "savage, vicious chemically-filled lands, they must be immediate threats to life," he said. "But, no. The Ministry of the Environment says they're not. Only if they are redeveloped must they be cleaned up."

Current criteria for redevelopment are unrealistic. Church suggested a new four-point set of interrelated criteria:

- toxicity ("much of the regulation we have now assumes that, if concentrations are above the background level, the site is contaminated")

At the same time, she expressed "great concern that 'he who lobbies the loudest, gets the (transit) line'." In focus groups, people were "very concerned how you place the transportation network," she said. "All else is just chat." However, "the government didn't listen."

The Sheppard subway east "is not going to generate a lot of growth", and — as for the York University line: "there were many other linkages that perhaps would have been more worthwhile."

- concentration ("some cases are so dilute as to present no risk at all")
- probability of exposure ("in Ataratiri, we were told to clean up soil 42 feet underground")
- impact (even if the substance is toxic, concentrated, and there's a high probability of exposure, "how much damage is it really likely to do?")

"If we had that system," Church said, "I think we could have an insurance system" to deal with potential liabilities down the line. Then, the market would work out realistic clean up programs.

Otherwise, a huge amount of older industrial and downtown land may well remain "frozen". And that will come at a high cost. Redevelopment is the best way to actually get the sites cleaned up — and it takes place at much higher densities than new development.

"If we freeze 100,000 acres of downtown Canada" through unrealistic policies, "we are essentially condemning one million acres of rural Canada to urban development (because of that difference in densities)."

Province Needs "Culture Change"

It is time for a "culture change" in government, says Scarborough Mayor Joyce Trimmer. "Many of us have already changed. I suggest that the province is the one who has some catching up to do."

Claims that the province is "working together" with municipalities are overblown, she said. For example, two public/private joint ventures proposed in Scarborough — supposedly the "in" thing in planning — have been waiting for approval from the Province for years. When the Commission on Planning and Development Reform was set up, she said, John Sewell refused her offer to meet with him. Metro mayors were told there was no time for them to speak before the legislative committee studying proposed changes to the Ottawa/Carleton regional structure — changes they believe to be a "trial run for what (the province) is hoping to do in Metro".

The problems of Metro's structure are serious. "There isn't one Mayor on Metro Council who thinks the current system works well," she pointed out. "It turns municipalities into rivals and pushes bureaucrats into protecting their turf."

What's needed is a "good, objective review that encourages input from all the players, and an analysis of how we can best provide services at the lowest cost," she said. "There are just too many of us: some need to be cut out altogether."

Six local mayors "pleaded with the Minister (of Municipal Affairs) to do a review of Metro, including all municipalities and all nine school boards." But David Cooke said "No, do it yourself," she reported. Now, Metro is doing the review.

"It's going to be totally biased right from the start. Also, the province will be left out of the process. And it's inappropriate for Metro to study boards of education and utilities commissions: the province should be doing that."

Younger Generation Will Pay

Government decisions on development charges and development densities could end up harming the younger generation, says Patricia Arsenault, vice president of Clayton Research Associates Ltd.

"Development charges on new residential, commercial and industrial development can discourage new business from locating in the area," she pointed out. These charges increase both business costs and housing costs for employees — making the area much less attractive to firms comparing possible new locations.

Development is NDP's #1 Priority

With clear planning rules, decisions can be made quickly at the local level, says Ed Philip, Ontario Minister of Municipal Affairs. "Then, developers can bring good projects on stream faster and create jobs and economic opportunities. This is a number one priority of this government."

Speaking approximately one month before the Planning Act amendments were introduced in the Legislature, Philip gave some highlights of policy direction — clear rules and streamlined procedures, including time frames for decision-making.

A second major initiative is the federal-provincial-local program for infrastructure funding. There are those who feel that infrastructure is "a waste of money", he said. "I cannot say strongly enough that our government disagrees with this view ... (W)hile we must reduce the costs of government, now is the time to use public investment in infrastructure to create jobs and make the economy more productive." Involving the private sector through partnerships and joint ventures offers access to new pools of capital.

Philip said there is a "new spirit of co-operation between levels of government and between the public and the private sectors" which he finds "especially encouraging".

Intensification policies can have the same effect. "The single detached house on its own plot of land will remain the goal of most buyers of new homes over the foreseeable future," she said. Restricting supply will drive prices up. **Many buyers will move even further from employment centres to find detached homes — creating more of the commuting and urban sprawl that these intensification policies were designed to prevent.** And once again, new firms will be discouraged from moving to the GTA.

"I think we have to keep in mind **just** who is going to be hurt if we don't maintain our competitiveness," Arsenault concluded. Young people and future generations will face lower employment opportunities and higher housing prices.

"It's all well and good to say we are trying to preserve the natural environment for future generations — but at what cost to their economic well-being?"

Greatest Thing Since Sliced Bread

Building a debt-free city requires managed growth that pays its own way, Mississauga Mayor Hazel McCallion told delegates.

Mississauga hasn't borrowed since 1979, she said. One of the main reasons is that "the capital costs of new development are generally borne by that development," and City services and programs are funded through a user-pay approach.

And "even though developers oppose lot levies, I believe deep down, secretly,

they think it's the greatest thing since sliced bread — because it allows communities to be developed."

The only thing that's not keeping pace is school building: "In some cases, students will never enter a school room in their entire 12 years at school," she said — they'll always be in portables.

The reason school boards are "in trouble — why they've not been able to keep up with the growth in Mississauga — is because they refused to charge levies", she said.

Proverbial Double Cross

The development industry needs government policies which are fair, timely, certain, wise and frugal, UDI president Morley Kells said.

Instead, with the 1991 Development Charges Act, they got "The Proverbial Double Cross". Industry had participated in and been impressed by the process to draft a consensus bill. However, "54 amendments were added at the last minute allowing for education levies and a vast range of soft costs."

Ambiguity as to which costs should be charged to developers were "left to the market to work out", at enormous cost, Kells said.

"We have to move back to frugality in governments," he continued. "They must accept limitations on their ability to deliver services on all fronts at existing levels."

The recommendations of the Sewell Commission on Planning and Development Reform have created serious concerns, shared by industry and the GTA Mayors, he said. One example is the proposal that municipal plans and development "be consistent with" new, ill-defined policy statements. "You would be surprised how little a senior government bureaucrat understands about the cause and effect of words when they apply to the reality of local government and the marketplace."

Toronto Streamlines Approval System

The recession has created some "breathing room" for Toronto to streamline its approvals system and provide better service, says the City's Commissioner of Planning and Development.

Robert Millward listed the four main initiatives which have resulted:

- a 280-page Development Approval Manual, which describes exactly what happens and what's required for 54 different approval processes.
- a series of 41 streamlining recommendations — most of which have already been implemented (e.g., delegating straightforward site plan approvals to

the Commissioner, securing conditions of approval through undertakings instead of agreements registered on title, etc.)

- clearer and more straightforward policies in the City's new Official Plan, especially for mixed use areas
- a comprehensive review of the Sewell Commission report

However, the proposal to give Metro approval and modification powers over the Official Plan and amendments "would seriously impair our ability to deliver speedier approvals".

If it were adopted, "enormous confusion will arise as to who actually has the authority over the process and which policies should prevail. There will be substantial costs to the public and the private sector. The concept of 'bottom up' neighbourhood planning will be eroded," he said. The same issues surround the Commission's recommendation that subdivision approval must not be delegated to local municipalities. (The legislation introduced one month later for first reading would not give Metro approval powers.)

Economic Problems, Competition, Threaten Farms

Farm issues are far too complex to be resolved through land use policy alone, says George Penfold, professor with University of Guelph's school of rural planning and development.

Penfold, who was one of the three Commissioners on the Sewell Commission on Planning and Development Reform, says agricultural land should be used to grow food and fibre. However, "this has never been an easy objective to accomplish due to economic competition in food production, competition for land as a result of the growth of cities and nuisance and environmental impacts resulting from modern agricultural practices and rural development."

Between 1981 and 1986, he said, 43,486 acres of agricultural land in Ontario were directly consumed by urban development — but that represented only five per cent in the decline in census farms in the same period. Most of the rest results from abandonment of farming on lower quality lands.

In addition, "it is estimated that the amount of land removed from agricultural production as a result of consents (lot severances for farmer retirement, housing for sons or daughters, etc.) is

equivalent to the amount converted to urban uses". These lots are usually on septic systems, which may cause environmental problems in the future. And they can lead to nuisance complaints when resold to non-farm owners.

On the other hand, farming is getting less and less viable economically. While subsidies and transfers made up 13 per cent of net farm income in 1971, that had risen "to almost 50% in 1988, and has been well over 50 per cent since," Penfold said. "Resolving the economic issues in agriculture may be far more important in the long run than resolving the land use issue."

In view of these issues, the Commission on Planning and Development Reform recommended that:

- Class 4 land no longer be considered provincially significant
- fewer lots be allowed in agricultural areas
- on-farm economic development options be considered
- new development be directed within existing rural settlements and non-agricultural areas
- municipalities ensure acceptable water and waste servicing before allowing new development.

York Advocates Pre-Zoning

Planners should establish very clear policies, and then get out of the way of private developers, says Ed Sajecki, Commissioner of Planning and Economic Development with the City of York. Developers will not "wait through a rezoning process that takes three to four years," he said.

So, it's important to pre-zone municipalities. "The problem is that the community wants to be involved, to see what's going on and maybe get some changes." But that's counterproductive. "There is too much competition out there for development."

On the issue of regional government in the Toronto area, he said that "any review of governance in Metro has to be tied in to the GTA." A GTA government is "probably not going to happen", he said, but some services such as sewers could be coordinated on the wider region level.

Credits:

The Spring Seminar has been awarded seven auxiliary recertification credits by the Appraisal Institute of Canada.

President's Message

As I start this message, I would be truly remiss if I did not thank our past President, Mr. Keith Hobcraft, and the other highly motivated and dedicated members of Council for their considerable efforts during the past year.

Given the ravages of the recession upon our industry, I believe we can look at the status of our Association with pride, and at its future with optimism.

It is no secret, however, that a bright future for the Association of Ontario Land Economists will only occur through the efforts of its members. Together, we must strive to achieve the following objectives:

1. To continue attracting to membership

quality professionals engaged in land economic pursuits.

2. To broaden and enrich the professional standing of our members.
3. To pursue continuing public recognition of the worth of membership in our association.
4. To make submissions to government for improvement of the laws and public practice governing the development and maintenance of the economic use of marketable land.

Throughout the coming year, Council, via its various subcommittees, will work to establish ways and means to meet these objectives. If we ask you to assist in this work, I hope you will accept.



On behalf of all the members of Council, I wish you a pleasant and enjoyable summer and look forward to seeing you at our fall series of dinner meetings.

Allan N. Windrem
MCIP, OPPI, CLP, PLE



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SUBMISSION

- Provide a succinct session title and three-sentence description that could be used in a printed conference program. These should precisely summarize the topic.
- Write a brief letter describing and elaborating on the topic area you want to discuss. Be specific: tell what's new, innovative or special.
- Send any reports, memos or clippings that describe the proposal.
- Who is the audience? big cities? small towns? generalists? specialists?
- What types of speakers would be involved? What specialists besides planners? Which official language would presenters use?
- If there were a panel session on the topic who else can present parallel experiences from other places?
- How much time do you need? (Sessions run typically one hour and 20 minutes and involve between one and three speakers).
- Use of visuals is strongly encouraged. Would you provide audiovisual material or handouts?

DEADLINES

Send your proposal as soon as possible, preferably by **August 15, 1994** to:

Rob Dowler Chair,
Concurrent Sessions Subcommittee
APA/CIP Conference
c/o
Planning and Building Policy Section
Ministry of Housing
777 Bay Street 2nd Floor,
Toronto, Ontario, Canada M5G 2E5
Phone: (416) 585-6503
Fax: (416) 585-7607

Ynii will be notified in the fall 1994, as to whether your presentation will be considered by the APA/CIP organizing committee for inclusion in the program.

CONFERENCE REGISTRATION

Being chosen as a speaker does not waive the registration fee for persons attending the conference.

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OMNIBUS BILL FOR PLANNING REFORM

The new Bill **163** (The Planning and Municipal Statute Law Amendment Act) is the sequel to the Sewell Commission recommendations, plus a few other goodies. This is the biggest news in planning in Ontario for some years, as it will affect professions and developers, changing their relationship with the Province and municipalities.

The package of legislation, policy statements and administrative changes was introduced in the Legislature on May **18, 1994**, by Municipal Affairs Minister Ed Philip. The Bill had second reading and was referred to the Committee on the Administration of Justice. Hearings will begin August **31**. There is concern by both municipalities and the private sector with the package. Representations by any private or municipal body should be made to the Legislative Committee. Phone Donna Bryce, Committee Clerk for an appoint-

ment **(416) 325-3525**. A written brief is a good idea.

Here are some of the highlights:

- 1)** Municipalities will have greater control of the development process. Regions (except Metro) will now approve plans; the Province will only set policy. The OMB will adjudicate disputes.
- 2)** Clear policy statements will better protect the environment.
- 3)** Red tape will be cut; legislative changes will set specific time frames for decision making by the Province and municipalities.
- 4)** The Ministry of Municipal Affairs will be the "one window" lead ministry for land use planning.
- 5)** Dale Martin, Provincial Facilitator, will chair a new 12-member advisory task force on implementation. Four members from each of the Association

of Municipalities of Ontario, the Ontario Environmental Network and the development industry will serve on the task force to help smooth the transition to the new system.

A companion set of Policy Statements was released with the Omnibus Bill. Official plans and developments will have to be "consistent with" these policies, instead of just "having regard to" them. A small change in words, but a big change in meaning: just watch lawyers trying to find a way around it.

A 22-page backgrounder can be had by calling **1-800-429-6397**. You want to know more? Call: Eugene Ellmen, Minister's Communications Assistant **(416) 585-6486**; Dana Richardson, director, Municipal planning policy branch **(416) 585-6225**; Dale Martin, provincial facilitator **(416) 585-7474**.

HOUSING

Bill **120**, (Residents' Rights Act, **1994**) was finally passed by the Legislature on May **16**, but closure had to be invoked. This Bill has two important parts:

Special Care Homes

Homes occupied by persons who receive certain care services are now subject to the Landlord and Tenant Act, and also to the Rent Control Act and the Rental Housing Protection Act. It is a controversial matter from a number of angles. Regulations are now being drafted, and should be ready by late summer. Contact Scott Harcourt **(416) 585-7529**.

Accessory Apartments

Amendments to the Planning Act ensure that Official Plans and by-laws cannot be used to prohibit two residential units in a house. In other words, home owners have a right to install basement apartments or the equivalent, regardless of the zoning by-law, as long as they meet reasonable standards under the fire and building codes and provide adequate parking. Regulations have been finalized and this part of the Act came into effect on July **14**. (The Ministry has accelerated the process in light of some fatal fires in basement apartments.)

Municipalities are quite concerned as they feel this is an invasion of municipal jurisdiction. Contact Rob Dowler **(416) 585-6503**.

INNOVATIVE HOME OWNERSHIP PILOT PROJECT

In the **1994** Provincial Budget, there is an allocation of **\$50** million for second mortgage loan guarantees for low income housing for ownership by low income groups. This will enable the non-profit sector to negotiate mortgages with normal financial institutions. It is expected that households with **\$25,000** annual income and up will be able to own their own homes costing between **\$75,000** and **\$140,000**. Contact Stephen Rhodes **(416) 585-6364**.

NEW TOWNSITE: CORNELL

The announcement by the Provincial Government of the new development on provincial lands in the Town of Markham has created significant interest. Planning has been under way. Architect Andrew Duany of Florida, well known for a number of novel developments in the USA, has been retained by the Town of Markham with financial assistance from the Province. The aim is to design a self-

contained community, with shopping and employment opportunities within it, rather than the usual dormitory commuter development.

ALTERNATIVE DEVELOPMENT STANDARDS

Remember the 30-year-old discussions as to why all roads had to be **66** feet wide? Finally, various provincial Ministries with an interest in these and other development standards have published an advisory document. This could have a major effect on developers' plans and should reduce the costs of services. Contact Rob Dowler **(416) 585-6503**.

PARRY SOUND

A District Land Division Committee has just been created for Parry Sound. It will have jurisdiction over severances and plans of subdivision. This is a first for Ontario; others may follow. Call **(705) 636-0619**.

PLANNING COMMISSIONERS

Commissioners from larger municipalities have just formed a new group to address common concerns. The Chair of the Ontario Association of Chief Planning Officials is Ted Robinson **(613) 564-3004**.

Association of Ontario Land Economists

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