**Pamela Blais**


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THE ARCHITECTURE
OF URBAN REGIONS

This is sixth of a series of nine issue papers commissioned by the Neptis Foundation for consideration by the Central Ontario Smart Growth Panel established by the Government of Ontario.

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In order to achieve smart growth at the regional level, it must be achieved at the project level, particularly at strategic locations across the Central Ontario Zone, through "smart development". Smart development is currently economically viable in many parts of the Zone. In the more suburban and exurban locations, the economic viability of smart development can be supported by actions to both promote supply and stimulate demand in strategic locations. A number of specific obstacles to smart development have also been identified, through a workshop with Central Zone developers and builders, as well as other inputs. In order to remove or mitigate these obstacles, a number of actions are recommended regarding regional planning, the provision of transit, local planning, municipal financing and political leadership.

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This is sixth of a series of nine issue papers commissioned by the Neptis Foundation for consideration by the Central Ontario Smart Growth Panel established by the Government of Ontario. Research for the series has been coordinated by Dr. Pamela Blais, of Metropole Consultants.



Neptis is an independent, privately-funded, registered charitable foundation, based in Toronto, Canada, that supports interdisciplinary research, education and publication on the past, present and future of urban regions.

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## Executive Summary

Smart growth is usually thought of as something that occurs at the regional level. But it is really the cumulative result of the literally hundreds of thousands of new housing units, millions of square feet of commercial buildings, and kilometres of infrastructure that will be built in the Zone over the coming years. In order to achieve smart growth at the regional level, we must first achieve it at the project level, through "smart development." Smart development is typically denser, more mixed, attractive, transit-supportive, and pedestrian-friendly.

In the Central Ontario Zone, smart development is not particularly an issue of built form. The Central Ontario Zone has many examples of projects and buildings that might be considered smart development – except that they are not located in strategic smart growth locations, and/or they are surrounded by extensive surface parking.

Smart development is already economically viable in many parts of the Zone. In suburban and exurban locations, the economic viability of smart development can be supported by actions to both promote supply and stimulate demand in strategic locations.

In a workshop with Central Zone developers and builders, participants identified a number of specific obstacles to smart development. Developers indicated a willingness and desire both to implement smart development projects and to innovate, but expressed a frustration with the many obstacles that prevent them from doing so.

If smart development (and therefore smart growth) is to be achieved in the Zone, a number of key actions need to be taken, including:

- identifying a limited number of strategic smart growth locations across the Zone to act as a focus for smart development and investment;
- planning, investing in, and building an attractive and effective transit system;
- linking investment in transit and other public investments much more clearly to planning responses and development at strategic smart growth locations;
- dealing with parking at strategic smart growth locations;
- removing obstacles at the local level, such as planning and zoning restrictions or engineering standards that preclude smarter solutions;
- rationalizing development charges and other financial instruments to support smart development;
- rigorously directing federal, provincial, and municipal investment in public infrastructure and facilities to strategic smart growth locations;
- getting support for smart development through proactive political leadership at all levels of government.

## Summary of Recommended Actions in Support of Smart Development

### *Develop a coherent planning vision for the Zone as a whole*

*Identify a limited number of strategic smart growth areas, and make it a first priority to ensure that development occurs where existing infrastructure is already in place.*

*Establish clearer and more strategic linkages between residential and employment uses at the regional and local levels.*

### *Plan and build an attractive, effective and extensive transit system*

*Improve the existing transportation system as a first priority.*

*Tie investments in transit much more closely to transit-supportive development.*

*Bring transit on stream in advance of or in tandem with new development.*

*Direct transit-supportive development to transit-oriented locations.*

*Review investments in transit and in the road network together to create a coherent package and ensure that transit investments perform as intended.*

### *Remove local planning obstacles to smart development at strategic smart growth locations*

*Carry through regional planning policies to the site level by allowing, for example, higher densities, innovative infrastructure, mixed-use development, or reduced parking standards.*

*Ensure that municipalities adopt flexible and proactive planning frameworks and act as facilitators in and around strategic smart growth areas.*

*Establish fast-track planning approvals processes in key smart growth locations, with specific targets for approvals time.*

### *Deal with the parking issue*

*Adopt more flexible approaches to the amount of parking required at strategic smart growth locations, including requirements that are more responsive to site-specific conditions, accessibility, and user characteristics.*

*Ensure that municipalities take a more proactive role towards parking in strategic smart growth locations:*

- *in reducing parking requirements in general, and surface parking in particular;*
- *in facilitating the more efficient use of parking, including shared parking, the creation of parking authorities, and overnight on-street parking permits.*

*Tie existing or new investments in transit much more closely to supportive parking strategies at strategic smart growth locations.*

### *Align provincial and municipal fiscal instruments and investment to support and encourage smart development*

*Structure development charges so that they reflect the true costs of infrastructure provided, varying by location and type of development within a municipality.*

*Direct public investment in major projects, facilities, and infrastructure to strategic smart growth locations as a first priority.*

*Provide municipalities with new tools to finance infrastructure and other improvements that support smart development.*

***Strengthen political leadership on smart growth and smart development at all levels of government***

*Invest in research and educational or marketing campaigns for smart growth and smart development.*

*Provide stronger political leadership to spearhead smart growth and make tough decisions on investment priorities.*

Upper East Side, Toronto, Architects Alliance

## Preface

In early 2002, the Province established five Smart Growth Panels, each representing a Smart Growth "Zone." The region extending from Niagara to Northumberland, and north to Haliburton and Georgian Bay was dubbed the Central Ontario Zone. It currently has a population of 7.5 million and 3.7 million workers. The Zone is expected to grow by some 3 million people and 2 million jobs over the next 30 years. The Province established the Smart Growth Panel for the Central Ontario Zone partly in response to this intense growth pressure.

The mandate of the Central Ontario Smart Growth Panel is to provide advice to the Minister of Municipal Affairs and Housing. As the Panel has noted in relation to the physical evolution of the region:

> Unlocking gridlock and promoting livable communities requires cross-sectoral and inter-municipal approaches such as: increasing the density of development; directing investment toward brownfield sites; protecting significant natural areas; providing a wider range of housing options; and better integration of different modes of transportation, including road, rail and transit [1].

Three sub-panels were established to provide recommendations on a smart growth strategy, gridlock, and waste management. These three sub-Panels report to the full Panel, which in turn will forward its advice to the Minister on the issues.

The Smart Growth Secretariat – the provincial body charged with coordinating and administering the Central Ontario Smart Growth Panel (as well as other Panels in the other Zones) – has asked the Neptis Foundation to contribute research to assist the growth strategy sub-Panel in developing its recommendations.

The sub-Panel will suggest smart growth approaches for managing and directing anticipated population and employment growth in the Zone over a 15-to-30-year time frame. It will focus on the physical aspects of growth, primarily the evolving structure of the region and the regional transportation network.

As input to the development of the strategy, Neptis commissioned several research papers on issues relating directly to the creation of a smart growth strategy for Central Ontario. This paper addresses the relationship between development and the development process on one hand and the attainment of smart growth at the regional scale on the other.

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**1.** Central Zone Smart Growth Panel Priority Issues,
http://www.premier.gov.on.ca/english/news/archive2002/Smartgrowth021102_bd1.htm

## Introduction

Smart growth can be achieved only if it can be implemented "on the ground" – if individual projects are consistent with broader, regional smart growth objectives. Individual development projects that are consistent with this regional vision constitute "smart development."

**In order to achieve smart growth, development is needed at key locations such as transit-oriented nodes and corridors, major reurbanization sites, or other areas identified as being of regional strategic significance.**

In order to achieve smart growth, smart development is especially needed at certain locations of strategic importance. These might include transit-oriented nodes and corridors, major reurbanization sites, or other areas identified as being of regional strategic significance. This report focuses on development at these locations, generally referred to as "strategic smart growth areas" or locations.

Smart growth ultimately depends upon decisions made by builders, developers, business people, financiers, homebuyers, and others who influence the kinds of buildings that get built in various locations across the Zone. Ultimately it is these decisions, multiplied over the hundreds of thousands of new housing units and the millions of square feet of commercial space that will be built over the next 30 years that will shape the form of the region and determine whether we achieve smart growth.

**Whether we succeed at achieving smart growth will be determined by decisions made by builders, devel-opers, business people, financiers, homebuyers, and others, multiplied by the hundreds of thousands of new housing units and the millions of square feet of commercial space that will be built over the next 30 years.**

What does a "smart growth" approach to managing growth in Central Ontario imply for buildings and development projects in the Zone? Does the move to smart growth suggest a need to develop different types of buildings in key locations throughout the Zone? What does smart development look like? Can these buildings be provided by the market? What are the current obstacles to smart development, and what can be done to overcome them? These are the issues addressed in this report.

Addressing these questions involved the following tasks:

- reviewing existing research and literature on relevant subjects;
- holding a workshop with key Central Ontario Zone commercial and residential developers and builders to explore the economic viability of smart development and identify obstacles to smart growth;
- analysing the economic viability of smart growth development types, undertaken by Royal LePage Advisors Inc.

Section 2 of the report describes some of the key characteristics of smart development, drawing on examples of existing projects in Ontario and elsewhere. It also looks at the kind of development currently being provided by the market in the Central Ontario Zone.

Section 3 describes the economic viability of smart development in a range of strategic smart growth locations in the Zone.

Section 4 identifies obstacles to smart development, and suggested strategies for overcoming these obstacles.

Concluding remarks are presented in Section 5.

## Key Elements of Smart Development

Smart growth is usually thought of as something that occurs at the regional level. But it is really the cumulative result of hundreds of thousands of new housing units, millions of square feet of commercial buildings, and kilometres of infrastructure that will be built in the Zone over the coming years. In order to achieve smart growth at the regional level, we must first achieve it at the project level.

But what does smart growth look like on the ground? How will we know when we are achieving smart growth in the only way possible – that is, one development project and building at a time?

**Key elements related to smart development include higher densities, a range of choice in building types, a closer mix of employment and residential uses, and a greater share of development in nodes and on already urbanized lands.**

Smart development must support and contribute to the regional vision of smart growth. Elements related to smart development that would achieve this include:

- higher densities;
- a wide range of choice in building types;
- a closer mix of employment and residential uses;
- a greater share of development in nodes and on already-urbanised lands.

The links between these aspects of regional structure/urban form and the attainment of smart growth objectives are well documented, and will not be explained in detail here.[2]

### *Net density*

Of all the factors described herein, density has by far the greatest impact on achieving smart growth objectives.

"Net" density relates to an individual lot or lots; it does not include public spaces such as roads or parks in the calculation of land area[3]. Increasing net density can be achieved through smaller house lots, denser development forms

**Density has by far the greatest impact on achieving smart growth objectives.**

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**2.** See, for example, Newman, Peter & Jeffrey Kenworthy, 1999, Sustainability and Cities: Overcoming Automobile Dependence, Washington, D.C: Island Press; Cervero, Robert, 1998, The Transit Metropolis: A Global Inquiry, Washington, D.C: Island Press; Smart Growth America, 2003, Measuring Sprawl and Its Impact.

**3.** It is often expressed in terms of gross floor area of a building – the "floor space index" (fsi) or in dwelling units per hectare or acre (uph/upa).

(such as townhouses, stacked townhouses or mid-rise buildings), and a more efficient use of land.

A key factor in achieving higher net densities is the treatment of surface parking. For multi-unit residential and most non-residential development, particularly in suburban areas, surface parking accounts for the lion's share of the use of a site. Many building types in suburban areas would be considered smart development – except for the fact that they sit on very large lots devoted to surface parking, and therefore result in low net densities.

**A key factor in achieving higher net densities is the treatment of surface park-ing.**

In many (though not all) municipalities in the Zone, net residential densities have been increasing – in particular, with respect to grade-related housing, that is, single detached, semi-detached, and townhouse units. Overall, average net densities for the region have been rising primarily because townhouses make up an increasing proportion of new housing units. In certain municipalities, however, residential densities have remained stable or fallen.[4]

Data on non-residential densities is poor and thus it is difficult to say at this point what the trend is, particularly across the Zone as a whole. Limited evidence suggests that employment densities have been declining sharply.[5] However, more comprehensive data is required on this issue.

### *Gross density*

Gross densities (which include land devoted to public infrastructure such as roads, parks, school sites, and environmentally sensitive areas) are generally falling in the Central Ontario Zone, in some cases despite increasing net densities. This means that the share of land devoted to public uses and infrastructure is increasing. This finding suggests a need to address the public component of development, through the implementation of alternative development standards, for example, or joint-use facilities.

**The share of land devoted to public uses and infrastructure is increasing in new developments, contributing to falling gross densities.**

Research has shown that some specific elements of public infrastructure occupy an increasing proportion of land in new development areas.[6] For example,

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**4.** Blais, Pamela. Inching Toward Sustainability: The Evolving Urban Structure of the GTA. Neptis Foundation, March 2000.

**5.** Urban Travel and Sustainable Development: The Canadian Experience, prepared for Canada Mortgage and Housing Corporation by IBI Group, 1993.

**6.** Office for the Greater Toronto Area, Urban Density Study March 1995, p. 10

public open space accounts for between 1.6% and 5.6% of older communities, compared to 10.7% to 16.7% of the gross area of newer ones. The share of land devoted to schools ranges from 2.4% to 5.3% in older communities, compared to 4.3% to 8.2% of land in newly developing areas.

More recent but less comprehensive information also suggests that public infrastructure continues to account for an increasing share of gross development land. While the ratio of net residential land to gross land area has remained fairly constant at 60% to 66% in communities built in the early postwar era, the net-to-gross ratio in the new community of Vellore Village in Vaughan is only 45%.[7]

**In order to achieve smart development, both net and gross densities need to be increased.**

### *The relationship between built form and density*

In order to achieve smart development, both net and gross densities need to be increased.

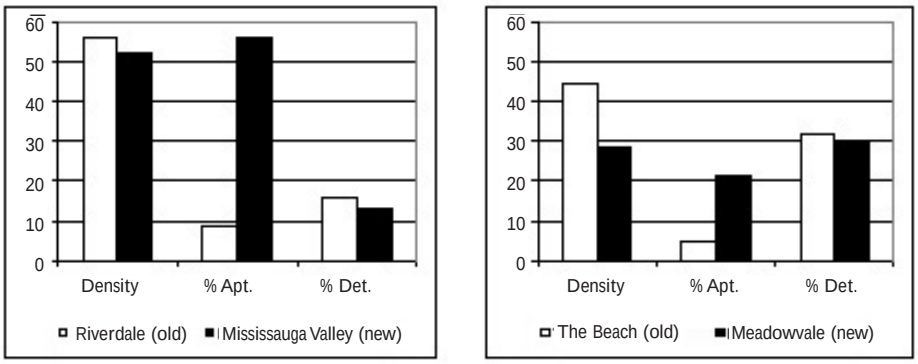
Increasing net density does not need to involve high-rise buildings, although these may be appropriate in some strategic smart growth locations, such as major nodes or centres associated with high-quality transit. Very respectable net densities can be achieved with low-rise forms. Figure 1 shows, for example, that within the Zone, older neighbourhoods have achieved densities that are comparable to or higher than newer neighbourhoods, while maintaining a low-rise form.[8] Newer neighbourhoods have tended to rely more heavily on high-rise apartments to achieve higher densities. Generally, the older areas have smaller residential lots, and a greater mix of semi-detached, row houses, low-rise apartment buildings, and accessory units.

**Very respectable net densities can be achieved with low-rise forms. Older neighbourhoods have achieved densities comparable to or higher than newer neighbourhoods, while maintaining a low-rise form.**

**7.** Hemson Consulting, "Investing for Tomorrow: Moving Forward With Smart Growth in Central Ontario" prepared for the Urban Development Institute, January 2003, p. 15

**8.** In Figure 1, net density is measured in units per net hectare.

Figure 1: Net density, proportion of units in apartment buildings and detached houses in selected neighbourhoods




Similarly, while low-rise can mean relatively high density, high-rise does not automatically equate to high densities. High-rise buildings sited on large lots (often devoted largely to surface parking), result in relatively low net densities.

**High-rise does not automatically equate to high densities. High-rise buildings sited upon large lots (often devoted largely to surface parking) result in relatively low net densities.**

While smart development does mean achieving higher net densities, is does not necessarily mean more high-rise forms. Indeed, many building types that are commonly being built across the Central Zone today could be consistent with smart growth, if lot sizes and areas devoted to surface parking could be reduced.

### *Mixing uses*

Mixing residential and employment uses within a building, node, or subdivision also supports smart growth objectives. Mixing housing types can also support better retail and community services, and provide places for new households or empty nesters. Over time, mixed, adaptable areas are better equipped to withstand "boom and bust" cycles associated with areas made up mostly of single detached houses and townhouses.

**Over time, mixed, adaptable areas are better equipped to withstand "boom and bust" cycles associated with areas that are made up mostly of residential development.**

Little data collection or analysis has been performed on trends in mixing land uses in the Central Ontario Zone, particularly residential and employment-oriented lands. However, other research undertaken by Neptis for the Central Ontario Smart Growth Panel shows that newer areas of the Zone tend to be more single-use in orientation, while the older areas contain a closer mix of employment and residential uses.[9] This is because the newer urban areas tend

**9.** Metropole Consultants. *The Growth Opportunity: Leveraging New Growth to Maximize Benefits in the Central Ontario Zone*, report to the Neptis Foundation, April 2003.

to have much larger contiguous areas of employment, and much larger, contiguous residential areas. More research needs to be done to assess current levels of and trends related to mixing of uses.

### *Range of choice in building types*

**The GTA has a higher proportion of high-rise apartments than Montreal and even Vancouver, and a lower proportion of mid-rise forms, such as townhouses or low-rise apartment buildings.**

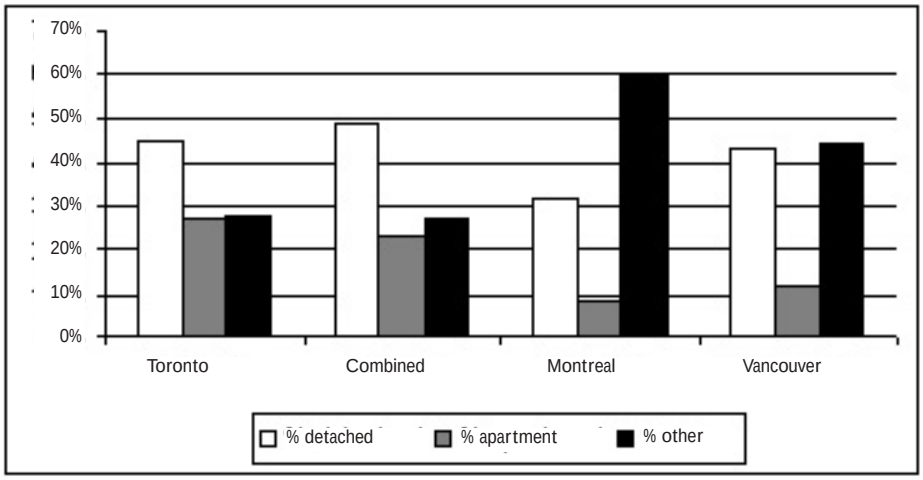
Housing types such as small apartment buildings or townhouses are attractive in their ability to combine high amenity with higher density. But the GTA has a high proportion of housing in high-rises (five storeys and up) compared to other Canadian cities and a lower proportion of mid-rise types in the three-to-eight storey range. Particularly in the newly urbanizing areas, new housing tends to consist primarily of single detached units and townhouses, with some stacked townhouses and high-rise apartment buildings.

Figure 2 shows a comparison of the Toronto Census Metropolitan Area (CMA) to a combination of the Toronto, Hamilton, St. Catharines-Niagara, and Kitchener CMAs ("Combined"), the Vancouver CMA, and the Montreal CMA.[10] Our region relies more heavily on high-rise apartments than Montreal and even Vancouver, and much less on the mid-rise forms, such as townhouses or low-rise apartment buildings.

Moreover, an analysis of trends indicates that between 1996 and 2001, the share of "other" types actually dropped while the share of detached units rose in the Central Zone.

**10.** Source: Statistics Canada, 2001 Census, Private households by structural type of dwelling, census metropolitan areas. "Combined" refers to an aggregation of data for the Toronto, Hamilton, St. Catharines-Niagara and Kitchener. The "Other" types is defined by Statistics Canada as "Includes semi-detached houses, row houses, apartments or flats in a detached duplex, apartments in a building with fewer than five storeys, and other single attached houses."

Figure 2: Housing Types, 200




In the non-residential sector, most development in the Central Ontario Zone has occurred in suburban areas in recent years, particularly on greenfield sites. Offices, industrial buildings, and distribution or retail facilities usually consist of single-storey buildings surrounded by surface parking and generous set-backs. Office buildings are a notable exception, generally ranging from two to eight storeys. This represents a fairly limited range of built forms and urban environments catering to employment-oriented uses.

### *Reurbanisation*

Achieving smart growth is not just about what development looks like, but also where it occurs. Many developments built in the Central Zone today are of a form consistent with smart growth, and could support smart growth at the regional level, except for the fact that they are not in appropriate locations.

**In order for smart growth to be achieved, a much greater share of future growth needs to be accommodated within the already urbanized part of the region, and in designated strategic sub-urban nodes.**

In order for smart growth to be achieved, a much greater share of future growth needs to be accommodated within the already urbanized part of the region, and in designated strategic suburban nodes. Smart development means taking advantage of existing and future redevelopment opportunities, including small-scale infill, redevelopment of brownfields, and redevelopment of under-used lands such as large surface parking lots or strip malls.

Most recent data for the GTA shows for example, that as of 2001, about 260,000 residential units were in the development approvals process.[11] Across

**11.** Source: Canada Mortgage and Housing Corporation and the Ontario Ministry of Municipal Affairs and Housing, *The 2001 GTA Residential Land Inventory Survey.* This data is only available for the GTA. Units include those in draft approved development plans and additional supply (i.e. lands under application but not yet draft approved).

the GTA, about 15% of these units were slated to be developed on already-urbanized lands; however, the City of Toronto accounted for 81% of these. In the four regions surrounding the City, only 3% of the units are slated for already-urbanized land. In the four regions surrounding the City of Toronto, only 3% of the units in the development approvals process are slat-ed for already-urbanized land.

**In the four regions surrounding the City of Toronto, only 3% of the units in the development approvals process are slat-ed for already-urbanized land.**

Smart development means taking advantage of reurbanization opportunities across the entire Central Ontario Zone, not just in Toronto, but in the many other mature and maturing urban centres such as Hamilton, St. Catharines, Mississauga, or Whitby.

### *Nodes and corridors*

The creation of mixed-use concentrations of development at key locations to act as regional centres is particularly important as the urban area of the Central Zone becomes larger. These mixed-use nodes and denser corridors that connect them are essential to reducing auto trip distances and supporting transit, and in providing civic centres for outer municipalities and places for offices and other high-order services.

**Nodes within the already urbanized part of the region have been relatively successful in attracting new development in recent years, such as the North York City Centre and downtown Toronto**

The GTA adopted a "multi-nodal" vision for its development in the early 1990s. The vision was carried through to regional and then local official plans. A number of suburban nodes were identified for denser, mixed-use development. Nodes within the already urbanized part of the region have been relatively successful in attracting new development in recent years, such as the North York City Centre and downtown Toronto, for example. The presence of quality transit is one important factor in the success of these nodes.

On the other hand, the newer suburban nodes have not attracted much growth.[12] This is true even as the areas around the suburban nodes continue to develop and attract significant development.

### *Some examples of smart development*

To summarize, there are a few, particularly important elements that characterize smart development – including higher densities (though not necessarily higher buildings), mixing of use, a wider range of choice in residential and com-

**12.** See, for example, *Inching Toward Sustainability*, op cit, or Canadian Urban Institute, 1997, *GTA Urban Structure: An Analysis of Progress Toward the Vision*.

mercial built forms, and location. Smart development is especially needed in areas of strategic significance to smart growth in the region – including a limited number of nodes and corridors linked to high-quality transit.

**There are many instances of buildings and development projects across the region that could be considered smart development – if not for two issues: (1) they tend not be located in strategic smart growth locations, and (2) they tend to be surrounded by large areas of surface parking.**

In the Central Ontario Zone, smart development is not particularly a built form issue. That is, it is not really a question of building new types of buildings, although certainly the range of choice could be broadened and more innovative development forms could be encouraged and permitted. Many instances of buildings and development projects across the region could be considered smart development – if not for two issues: (1) they tend not be located in strategic smart growth locations and (2) they tend to be surrounded by large areas of surface parking.

Fifteen examples of smart development are shown in Appendix A. The examples were chosen because they embody one or more of the features discussed above and were seen as viable since most were built recently, mostly in the Central Ontario Zone.

Some common characteristics of the selected examples include:

- *Density* All the projects incorporate a solution to increase density, for example, narrower internal streets and a rowhouse design in the Upper East Side.
- *Parking solutions* Several projects have increased their density by replacing surface parking with structured or underground parking. Most of the non-residential projects presented are in this situation. The Computer Sciences Corporation building integrates structured parking within the building and achieves a uniform appearance.
- *Mix of uses* Several buildings offer a mix of residential and employment uses: from the first floor of a townhouse to the entire ground floor of a condominium building. The proposed buildings at the Vaughan Corporate Centre are a unique combination of a "big box" store topped by two floors of office.
- *Attractiveness* The residential projects combine an efficient use of land with an attractive design. Several of these projects are marketed as "prestige" projects and command a premium price.
- *Mid-rise* Three examples from other provinces – Discovery Reach, The

Carrington, and Le Domaine Duvernay – are mid-rise residential buildings that combines high density with a high degree of attractiveness. They make use of wood frame and steel frame construction techniques that are not generally used in Ontario for mid-rise buildings.

Revenue Canada Building, Surrey, BC, Busby + Associates

## The Economics of Smart Development

As part of the research for this issue paper, a report was commissioned from Royal LePage Advisors Inc. This research explored the economic viability of smart development – both residential and commercial – across a range of strategic smart growth locations where smart development has not tended to materialize, such as:

**The demand for smart-growth-type buildings at locations in a suburban city centre in Vaughan, a suburban corridor in Mississauga, an exurban node (Whitby) and a small town downtown (St. Catharines) was perceived to be weak.**

- a suburban city centre (Vaughan Corporate Centre);
- a suburban corridor (Hurontario Street, Mississauga);
- an exurban node (Whitby GO station);
- a small town downtown (St. Catherines).

Pro formas were developed for a residential and an office building in each location. The building types that were tested varied to reflect what smart development might entail in the different contexts, but in each case differed from current typical development in those locations. For example, in every case, an underground parking component was incorporated (and was therefore assumed as a direct project cost), which is not typical in these contexts at present.

**Within the residential market in suburban and small town contexts, smart development is competing against affordably priced singles and townhouses.**

The overall finding of the analysis was that the cost structure of the project was not a particular problem, but that demand for these types of products at these locations was perceived to be weak.[13] In other words, similar projects with similar cost structures might be viable in other parts of the Zone, where demand was stronger, but in these locations, there was insufficient demand. The Royal LePage report is attached as Appendix B.

With respect to the residential market in suburban and small town contexts, smart development is competing against affordably priced grade-related housing, such as singles and townhouses. It is extremely difficult to deliver multi-unit housing in these locations at a price that is competitive with grade-related supply. As one developer put it, "Townhouses are a tougher sell when a detached house can be had for $199,999." The same can be said of multi-unit buildings.

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**13.** One exception was the suburban city centre 12 storey office building, for which current market rent levels were well below economic rents required.

Similarly, adding structured or underground parking to an office building adds costs that competing buildings with surface parking do not incur.

The underlying economic issue is that saving land by building denser building types does not result in significant cost savings, as land costs in the suburban and exurban areas tend to be very low. Thus at current price levels, land costs are not a particularly significant factor in the development cost structure.

**Saving land by building denser building types does not result in significant cost savings, as land costs in the suburban and exurban areas tend to be low.**

On the other hand, construction costs associated with building more densely are often significantly higher than for low-density forms of development. At $10-15,000 per stall for one level of underground parking, and $20-25,000 per stall for additional underground levels, the cost of underground or structured parking, for example, can add significantly to the cost of a project. The underlying economic issue relates to the price of land: in these locations it is more expensive to provide a parking space in a structured or underground facility than a space on a surface parking lot.

This analysis suggests three possible approaches to supporting smart development in strategic suburban and exurban locations, addressing both the demand and the supply sides of the economic equation.

*1) Reduce smart development project costs.*

Hard and soft construction costs constitute the most significant proportion of overall project budgets. Along with returns to the developer, these project costs are largely inflexible, and largely determine the required sale price or rent needed to make the development financially feasible.

**Smart develop-ment in strategic suburban and exurban locations needs to address both the demand and the supply sides of the economic equation.**

However, some Ontario Building Code regulations may hamper smart development. Many developers have espoused the view that medium-height, medium-density buildings (in the 3-to-8-storey range) cannot be developed at competitive prices because of building code requirements (such as the need to use concrete construction or the need to install elevators). While safety and accessibility issues are very important, many developers have expressed the view that cost-competitive alternatives could be investigated.

The most significant impediment to achieving smart development is parking. Large areas of surface parking are at odds with compact, smart development. Yet structured or underground parking accounts for 8% to 16% of costs for projects analysed. These costs are the largest project cost component that could

be effectively addressed by public policy, planning, and governmental initiatives.

The most significant impediment to achieving smart development is parking. Strategies that reduce the amount of parking provided (such as more site-specific standards, shared use of parking facilities, provision of transit) can help lower project costs and promote higher building coverage. These strategies can be implemented by municipalities as part of the planning for smart development at strategic locations.

**The most significant impediment to achieving smart development is parking.**

Even better, municipalities can remove the cost of parking from a developer's cost sheet in compact nodes and other strategic smart growth locations by providing their own parking through municipal parking authorities. This approach is currently being pursued by the City of Markham in Markham Centre, for example. (Parking strategies are addressed further in the next section of this report.)

Municipalities can also reduce municipal fees and related charges, such as planning processing fees, development charges, and parkland dedication, which together may account for 2% to 7.5% of projects costs.

**Municipalities can also reduce municipal fees and related charges, such as planning processing fees, development charges, and parkland dedication, which together may account for 2% to 7.5% of projects costs.**

These are the most significant actions municipalities can undertake to improve the economic viability of smart development in strategic suburban and exurban areas. They could have a significant impact on the cost structure of smart development.

Municipalities could also improve the cost structure of smart development through the strategic use of municipal fees and related charges, such as planning processing fees, development charges, and parkland dedication. Together, these charges account for 2% to 7.5% of costs of projects analysed by Royal LePage.

Municipalities often inadvertently overcharge smart development compared to less efficient development forms (such as large-lot, single detached homes) because of the way their development charges are structured. They should carefully review how the structure of their development charges treats more efficient, smart development at strategic smart growth locations. Development charges should, at a minimum, reflect actual costs incurred by different types of development in different locations across a municipality – in other words, a "true-cost-based" development charge.

Parking and municipal fees are the two significant levers that can improve the cost structure of smart development to make it more competitive with conventional development.

**Parking and municipal fees are the two significant levers that can improve the cost structure of smart development to make it more competitive with conventional development.**

A municipality could also choose to actively encourage smart development in strategic locations by, for example, waiving development charges and planning application fees to jump-start development.

The Royal LePage research suggests that parking and municipal fees are the two significant levers that can improve the cost structure of smart development to make it more competitive with conventional development. Together, these elements were found to account for 10% to 24% of smart development project costs.

*2) Ensure prices of competing development reflect actual infrastructure costs incurred*

Under current conditions, the prices of smart development in suburban and exurban locations do not differ sufficiently from the prices of more conventional, grade-related dwellings such as the $199,999 single detached house or even the $149,999 row house.

**Smart development must either come with a significantly lower price than conventional offerings, or offer a higher level of amenity.**

Smart development must either come with a significantly lower price tag than these offerings, or offer a higher level of amenity (a better urban environment, easy access to good transit connections, a higher-quality building).

One reason that the price differential between smart development forms and grade-related housing is not as large as it should be is the structure of development charges in most municipalities in the Central Ontario Zone. Because the charge is based on average costs, by definition, some developments will be overcharged and some will be undercharged (barring the unlikely event that every development costs exactly the average cost). The more efficient, least expensive types of development (smart development) tend to be overcharged, while the less efficient, more expensive types of development (large lot singles, certain forms of retail) tend to be undercharged. This is the case primarily with respect to hard services such as roads, transit, water, and sewers, the costs of which are known to vary with density, type of development, and location.

**How an average-cost-based development overcharges smart development and undercharges inefficient development**

1. Based on unit type, the development charge for a detached home is typically the same on a small lot or a large lot, even though the small lot tends to contribute less to servicing costs.

2. In some municipalities, townhouses are charged the same development charges as detached houses, even though the townhouses tend to contribute less to servicing costs.

3. For non-residential uses, development charges are based on the amount of gross floor area built, providing a disincentive to build more floor area and therefore more densely and efficiently.

4. For non-residential development, uses that tend to contribute significantly more to infrastructure costs pay the same rate of development charge as uses that incur lower costs per square foot of floor area. Some retail uses, for example, generate ten or more times the auto trips per square foot of floor space per hour as office uses, contributing to higher road needs, but typically do not pay a higher charge.

5. Charges typically do not vary by area within a municipality, even though costs do. As a result, there is no incentive for developers to develop less-costly-to-service areas first (such as already urbanized areas, areas closer to existing services, or areas with lower servicing costs due to site-specific conditions such as topography or hydrogeology).

Thus the development charge tends to create an incentive to less efficient development, and overcharge smart development (see Box for a more detailed description of how this occurs).

**More efficient, less expensive types of development tend to be overcharged by development charges, while less efficient, more expensive types of development (large lot singles, certain forms of retail) tend to be undercharged.**

The overcharging of smart development contributes to the higher cost structure of smart development. All other things being equal, a true-cost-based development charge would lower the prices of more efficient development.

But the other side of the equation needs to be addressed as well, namely, the fact that low density and more costly development tends to be undercharged.

With true cost-based development charges, charges for less efficient forms of development would rise somewhat.[14]

Assuming development charges are passed along and reflected in house and commercial development prices, under a true cost-based charge, the price spread between smart development and inefficient development would become more significant – the price of smart development would go down, and the price of inefficient or more costly-to-service development would go up. Both sides of this equation must be addressed in order to create a level playing field, putting smart development on an even footing with competing development.

**If development charges were reflected in house and commercial development prices, under a true cost-based charge, the price of smart development would go down, and the price of inefficient, more costly-to-service development would go up.**

Not incidentally, a true cost-based development charge would also have the effect of lowering total servicing costs within a municipality, by encouraging more efficient development patterns.

*3) Stimulate demand*

Making smart development more price-competitive and attractive to the market addresses the supply side of the economic equation.

Other actions could be undertaken by municipalities and the province in order to stimulate demand for smart development. Creating a better urban environment in which smart development could take place could add significantly to the attractiveness of this type of development. Municipalities should

**Improving demand for smart development needs public education, as well as municipal marketing of the strategic centres.**

- ensure that the environment created at their strategic smart growth locations is of the highest quality, by encouraging excellent urban design, a walkable environment and landscaping, human-scaled streets and generous sidewalks, a mix of uses and grade-level retail;
- locate municipal facilities such as recreation centres or high schools in these nodes;
- deliver good-quality transit service in advance or in tandem with development.

Initiatives aimed at improving demand for smart development can be supported by public education, as well as municipal marketing of the strategic centres.

**14.** Though probably not as much as the development charge for smart development would go down.

If smart development is to be achieved outside the older parts of the Central Zone, all three approaches and related actions will need to be pursued as a basic condition of ensuring the economic viability of these projects.

In addition, a number of other obstacles to smart development have been identified. These are described in the following section.

The Carrington, Calgary AB, Poon Mackenzie Architects

## Removing Obstacles to Smart Development

Previous sections of this report have identified the key attributes of smart development, and compared those to what is actually on the ground in the region. For the most part (the most notable exception being some improvements in net residential densities, particularly of grade-related stock), smart development is not currently taking place, and hence we cannot expect smart growth to be achieved at the regional level unless changes are made.

**Developers and builders expressed a high degree of support for smart growth. They indicated a willingness and desire to implement smart development projects and to innovate, but expressed a frustration with the many current obstacles that prevent them from doing so.**

A wide range of obstacles prevents developers and builders from creating development consistent with smart growth. These obstacles must be removed or addressed if smart growth is to be achieved.

The following discussion draws largely (though not exclusively) on the range of obstacles identified by developers and builders in the workshop held as part of the research for this project. In general, the developers and builders – who represented both residential and commercial sectors – expressed a high degree of support for smart growth. They indicated a willingness and desire to implement smart development projects and to innovate, but expressed a frustration with the many current obstacles that prevent them from doing so.

A summary of the workshop conclusions is included in Appendix C.

### *Regional Planning*

*Obstacles to Smart Development*

At present the Central Zone has the dubious distinction of being the only large urban region in Canada without a single, coherent regional vision or plan. Planning is currently divided amongst the many local municipalities and upper-tier governments in the region. This means a lack of coordination within and across the region on where growth and accompanying infrastructure investments should occur.

**Ontario's Central Zone has the dubious distinction of being the only large urban region in Canada without a single, coherent regional vision or plan.**

Within the region, municipalities often compete with one another to attract development – leading to overly optimistic plans, and the over-designation of nodes and urban expansion areas.

More than 70 nodes have been identified in the Official Plans for the GTA, Hamilton, and Waterloo regions, far exceeding what the market can realisti-

cally deliver in terms of appropriate, denser, mixed-use built forms. This is especially the case when uses that could support transit are developed in other locations, robbing nodes and corridors of the development they need to make smart growth strategies a reality.

**More than 70 nodes have been identified in the Official Plans for the GTA, Hamilton, and Waterloo regions, far exceeding what the market can realistical-ly deliver in terms of denser, mixed-use built forms.**

In addition, municipalities have identified too many nodes in newly urbanizing areas without first encouraging further intensification around existing concentrations and existing infrastructure. For example, the areas around many GO station remain undeveloped.

Workshop participants noted that an over-abundant supply of land at the fringe depresses land prices and removes incentives to use land more efficiently. In the Central Zone, it is estimated that, even if current development patterns are maintained, enough land is available until 2031 without expanding most existing urban boundaries, nor infringing on the Oak Ridges Moraine.[15]

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Approaches to smart growth are fractured and fragmented. The lack of coordination of growth and investment on a regional scale results in inefficiencies, underused infrastructure, and overspending on infrastructure. And, in the post-offloading era, "fiscal zoning" (sometimes called exclusionary zoning) is becoming more common, as municipalities try to manage their portfolio of lands and development so that they return the best net revenues.

**In the post-offloading era, exclusionary zoning is becoming more common, as municipalities try to manage development to achieve the best net revenues.**

*Key responses*

A limited number of nodes and other strategic growth areas need to be identified on a regional scale. Growth should be directed to these areas to maximize existing and future infrastructure investments.

Since nodes in newly urbanizing areas require significant new investment, emphasis should be placed on directing development to areas with existing infrastructure, such as GO train stations, subway stations, or areas where additional growth could complement existing concentrations of residences and businesses with low marginal infrastructure costs.

A clearer, more strategic way of addressing the linkages between employment and residential development is also needed – promoting jobs-housing balance

**15.** IBI Group in association with Dillon Consulting and Metropole Consultants, *Toronto-Related Region Futures Study*, prepared for the Neptis Foundation, Draft Interim Report, June 2002, p. 47.

on both on a local and regional basis. This will help minimize auto trip lengths and support transit investments by linking employment areas more closely with transit.

**A clearer, more strategic way of addressing the linkages between employment and residential development will help minimize auto trip lengths and support transit investments by linking employment areas more closely with transit.**

*Develop a coherent planning vision for the Zone as a whole*

*Identify a limited number of strategic smart growth areas, and make it a first priority to ensure that development occurs where existing infrastructure is already in place.*

*Establish clearer and more strategic linkages between residential and employment uses at the regional and local levels.*

### *Transit*

*Obstacles to Smart Development*

In many areas of the region, improvements to the existing transit system are necessary before more compact development can take place, because the existing routes are at capacity, or because service is infrequent, or because routing does not adequately respond to demand. Existing routes could be improved, such as Toronto's streetcar routes, which suffer significant delays and have lost a large number of vehicles over the last decade, or GO train routes that only offer service at peak hours.

**Developers are reluctant to proceed with investments in denser development based solely on the promise of future transit. Investment in transit must be timed to either lead or occur in tandem with development, if denser, more transit-supportive development is to be achieved.**

Developers are reluctant to proceed with investments in denser development based solely on the promise of future transit. Investment in transit must be timed either to lead or to occur in tandem with development, if denser, more transit-supportive development is to be achieved.

Transit systems must also be developed that respond to the new realities – serving not just commuters on fixed, full-time schedules, but also the needs of shift workers and those with more varied work schedules. A parallel trend is the growth in suburb-to-suburb commutes.

**Investments in transit must be tied much more closely to surrounding development.**

*Key responses*

An attractive, effective, region-wide transit system is needed. It must offer high levels of service in order to be competitive with the automobile. Only comprehensive solutions incorporating land use considerations and region-wide coordination can achieve some level of success.

**Non-transit supportive development should not be permitted in locations benefiting from significant transit infrastructure investments.**

Building on the success of existing transit lines can be a cost-effective way to reduce congestion and mitigate the environmental impacts of automobile use. Many transit authorities in the region have been caught in a spiral of declining service and ridership over the last decade because of scarce resources. Capital infusion and support for operations would result in immediate gains in ridership; for example, on GO train lines, where substantial pent-up demand exists.

Investments in transit must be tied much more closely to surrounding development, both in terms of time (transit service must be in place before or at the same time as development), and space (smart developments must be located close to transit). Obstacles to smart development must be removed and transit-supportive development forms discouraged or prevented from taking place in locations without transit. On the other hand, non-transit supportive development should not be permitted in locations that benefit from significant transit infrastructure investments.

In addition, funding for roads must be considered in conjunction with funding for transit, as a coherent and consistent package aiming to improve the share of trips taken by transit. At present, funding for roads and expressways in the Zone frequently undermines the relative attractiveness of transit. As a result, investments in transit are not as effective as they could and should be.

**Funding for roads must be considered in conjunction with funding for transit, as a coherent and consistent package aimed at improving the share of trips taken by transit.**

Areas benefiting from substantial provincial investment could be designated as areas of Provincial interest under the Planning Act, to ensure timely and compatible development through the removal of obstacles and the streamlining of the development process.

*Plan and build an attractive, effective and extensive transit system*

*Improve the existing transportation system as a first priority.*

*Tie investments in transit much more closely to transit-supportive development.*

*Bring transit on stream in advance of or in tandem with new development.*

*Direct transit-supportive development to transit-oriented locations.*

*Review investments in transit and in the road network together to create a coherent package and ensure that transit investments perform as intended.*

### *Local Planning*

*Obstacles to Smart Development*

**Existing local planning policies and engineering standards can be impediments to smart development. For example, less costly, more land efficient and environmentally-friendly municipal infra-structure solutions are frequently not permitted by municipalities and other regulatory agencies.**

Smart growth is not always fully reflected in and supported by local plans, policies, zoning by-laws, and municipal engineering standards. Existing local planning policies and engineering standards can act as impediments to smart development. This issue is of particular importance in strategic smart growth locations.

On one hand, local regulations can prevent smart development and innovative forms of development, either by imposing lengthy approvals processes, or by preventing non-conforming uses, densities, forms, or infrastructure altogether. Less costly, more land-efficient and environmentally-friendly municipal infrastructure solutions may not be permitted by municipalities and other regulatory agencies. This is an important issue, as the percentage of land devoted to infrastructure (such as roads and drainage) and other "public takings" (parks, conservation areas, school sites) in newly urbanizing areas has been increasing, contributing to falling gross densities.

Restrictive density limits can also be a constraint to the economic viability of

smart development. More generous as-of-right density limits could improve the economic viability of both denser forms of development and transit at key smart growth locations, while maintaining important qualities related to shadowing, wind conditions, and streetscapes.

**Local planning should be much more discriminating about where and how node-building uses are permitted and equally, where they are not.**

In other instances, local regulations sometimes overreach, requiring types of development or mixing of uses that cannot be supported by the market.

Planning policy often fails to direct smart development to strategic smart growth locations, representing a significant lost opportunity. Node-building uses such as public buildings, hotels, entertainment facilities, cultural and civic centres, stacked townhouses, and offices are generally permitted in a wide range of locations across a municipality. These forms of development should be recognized as a strategic resource and a driver of smart growth and transit ridership. Local planning should be much more discriminating about where and how these forms of development are permitted and equally, where they are not.

Demand for higher-density forms of development in nodes can often occur towards the end of the build-out of new suburban areas, or beyond. Flexibility must be built into the planning framework, in order to allow future development or redevelopment of sites to higher-density uses as demand emerges. This might involve, for example, planning sites so that surface parking areas are designated as future building sites, with planning frameworks allowing future development of these areas as of right.

**In established parts of the urban region where nodes are or can be designated around GO or rapid transit stations, fragmented land ownership can be an obstacle to comprehensive development or redevelopment.**

In established parts of the urban region, where nodes exist or can be designated around GO or rapid transit stations, land ownership may be fragmented. This can be a further obstacle to comprehensive development or redevelopment of strategic smart growth locations.

*Key responses*

In general terms, a more flexible and proactive planning framework and process is needed in the strategic smart growth locations.

**Municipalities, the Province, and other relevant agencies need to take a more focused and proactive policy stance towards comprehensive development or redevelopment of strategic smart growth locations.**

Municipalities, the Province, and other relevant agencies need to take a more focused and proactive policy stance towards comprehensive development or redevelopment of strategic smart growth locations.

Municipalities must view their role as one of facilitators rather than regulators,

actively encouraging and facilitating comprehensive development at strategic locations. This could mean, for example:

- bringing landowners and other stakeholders together to craft a development plan for a strategic smart growth area;
- drawing up flexible implementing policies to permit the development;
- ensuring a public realm of streets and parks that is consistent with smart development;
- dealing with fragmented land ownership where needed through innovative approaches;
- establishing clear and competitive targets for the time required to approve projects.

In already-established areas with more complex land ownership patterns, new mechanisms may be needed – including those currently used to develop new suburban areas: for example, a modified block plan approach and landowner cost-sharing agreements.

**Municipalities should take on the role of facilitators rather than regulators, actively encouraging comprehensive development at strategic locations.**

*Remove local planning obstacles to smart development at strategic smart growth locations*

*Carry through regional planning policies to the site level by allowing, for example, higher densities, innovative infrastructure, mixed-use development, or reduced parking standards.*

*Ensure that municipalities adopt flexible and proactive planning frameworks and act as facilitators in and around strategic smart growth areas.*

*Establish fast-track planning approvals processes in key smart growth locations, with specific targets for approvals time.*

### *Parking*

*Obstacles to Smart Development*

Parking – in particular, land-consumptive surface parking – is one of the main impediments to achieving smart development, especially at key smart growth locations, where a compact, walkable, and transit-supportive urban form is required. Often, common building forms, such as multi-storey office buildings, could be considered smart development – if only they did not come with such vast areas of surface parking. The large areas devoted to surface parking result in low effective net densities and preclude the establishment of a compact, walkable, transit-supportive environment, which is critical at smart growth locations

**We don't have a built form problem, we have a surface parking problem.**

*Key responses*

A number of strategies could be pursued both to reduce the supply of parking, and to make better use of parking that is provided.

Parking standards and requirements are often uniform across a municipality and do not reflect site-specific conditions where requirements may be lower as a result of transit availability, or because of the profile of users of a facility, such as students or seniors, who tend to use transit. Adopting a more flexible, project-specific approach at strategic smart growth locations could help reduce the space devoted to parking. Of course, transit must be brought on stream before or in conjunction with development in order for this to be possible.

**Parking standards and requirements are often the same across a municipality and do not reflect site-specific conditions such as transit availability, or the users of a facility, such as students or seniors, who usually use transit**

Municipalities can also take a more active role in encouraging and facilitating shared parking, particularly in key smart growth locations. This is particularly appropriate where mixed-use development occurs, and different users require parking at different times of the day – for example, offices, shops, entertainment and sports facilities, and residential development may be able to share parking facilities within the context of compact development. These could take the form of municipal parking, including structured parking facilities provided through municipal parking authorities. The Town of Markham is currently pursuing this approach to support compact development in Markham Centre.

Permitting on-street parking also makes more efficient use of road infrastructure and reduces parking costs and land requirements. In nodes and other

strategic locations, parking could easily be metred, providing a source of revenue to municipalities.

Aside from promoting walkable, compact, and transit-supportive development, such approaches also remove a significant cost which currently acts as a barrier to denser development in suburban locations.

**Municipalities can encourage and facilitate shared parking, particular-ly where mixed-use development occurs, and where different users require parking at different times of day.**

Parking strategies at key smart growth locations should be clearly linked with existing or new investment in transit. Providing large supplies of parking can encourage driving, which undermines transit investments and discourages transit ridership. If investments in transit are to be productive and successful, they must be linked more closely with parking strategies.

*Deal with the parking issue*

*Adopt more flexible approaches to the amount of parking required at strategic smart growth locations, including requirements that are more responsive to site-specific conditions, accessibility, and user characteristics.*

**Providing large supplies of parking encourages driving, undermines transit investments, and discourages tran-sit ridership.**

*Ensure that municipalities take a more proactive role towards parking in strategic smart growth locations:*

- *in reducing parking requirements in general, and surface parking in particular;*
- *in facilitating the more efficient use of parking, including shared parking, the creation of parking authorities, and overnight on-street parking permits.*

*Tie existing or new investments in transit much more closely to supportive parking strategies at strategic smart growth locations..*

### *Municipal Finances*

Workshop participants identified the structure of development charges as a major impediment to smart development. Development charges do not accurately reflect the actual costs incurred by different types of development in dif-

ferent locations across a municipality.

In addition, specific development charge policies for innovative development that take into account the different costs associated with innovative development forms, such as apartments over garages or medium-density apartment buildings, do not exist at present.

**Development charge policies that acknowledge the different costs associated with innovative development forms, such as apartments over garages or medium-density apartment buildings, do not exist at present.**

Developers and builders suggested that development charges should be rationalized to reflect more accurately the actual costs incurred by different types of development in different locations. This could be achieved by charging for hard infrastructure on a land-area basis, which builds in an incentive to build more densely, while maintaining flexibility. The per-gross-hectare charge could vary from area to area to reflect actual cost variations, and could also vary by type of development where warranted (for example, higher levels for retail, which contributes more to road costs).

**Developers believe that rationalizing the structure of development charges would be a major step towards encouraging smart development.**

True-cost based charges for innovative forms of development (such as apartments over garages) should also be established up front.

Municipalities can implement such changes unilaterally. However, the Province could also amend the Development Charges Act to require that development charges for hard infrastructure reflect the actual costs incurred by different types of development in different locations.

This shift toward true-cost development charges would reward the efficient use of land rather than act as a disincentive to smart development, as current charges do, while maintaining developer flexibility.

The developers who took part in the workshop viewed rationalizing the structure of development charges as a major step towards encouraging smart development.

Another obstacle to smart growth is major public investment that does not support smart growth. Investments in public facilities, including municipal infrastructure, educational institutions, hospitals, long-term care facilities, and courthouses, have not been directed to strategic smart growth locations as a first priority. Public spending at the federal, provincial, and municipal levels needs to be much more closely aligned with smart growth and harnessed to support smart development. Government buildings can act as catalysts and contribute to creating a critical mass of activity in these locations.

**Public spending at the federal, provincial, and municipal levels needs to be much more closely aligned with smart growth and harnessed to support smart development.**

The lack of creative financial tools at the disposal of municipalities is also an impediment to financing needed infrastructure, as well as other actions that would support smart growth and smart development – such as the cleanup of brownfields sites. Municipalities need a broader range of financial tools.

**Smart development is perceived to be limited at the moment by a lack of strong political leadership at all levels of government, and an unwillingness to make tough decisions**

For example, tax increment financing (TIFs) have been effective in financing the revitalization of neighbourhoods and brownfields in the United States. Much has been written about this tool and a full analysis is beyond the scope of this report. In brief, TIFs involve borrowing against projected increases in property tax revenue in a given area to finance projects such as the remediation and redevelopment of brownfields or transit infrastructure. TIFs can even be used to create structured parking, landscaping, and other improvements in a particular area destined to become a node or corridor area.

*Align provincial and municipal fiscal instruments and investment to support and encourage smart development*

*Structure development charges so that they reflect the true costs of infrastructure provided, varying by location and type of development within a municipality.*

**Municipalities need a broader range of financial tools, such as tax increment financing arrangements.**

*Direct public investment in major projects, facilities, and infrastructure to strategic smart growth locations as a first priority.*

*Provide municipalities with new tools to finance infrastructure and other improvements that support smart development.*

### *The Political Environment*

*Obstacles to Smart Development*

Achieving smart development is perceived to be hampered at the moment by a lack of strong political leadership on the issue at all levels of government, and an unwillingness to make clear and coherent decisions. Difficult choices must be made, given the current environment of fiscal restraint, but there is a perception that those in leadership positions are not making these "tough choices."

For example, although public funds are not limitless, the substantial spending that does occur has not been used strategically, nor leveraged to support smart growth. This involves making choices – in terms of identifying priority places for investment, for example, or emphasizing investment in transit versus that in roads – in short, setting priorities to achieve smart growth. At the political level, this means doing things differently, adopting a clear vision for the region, clarifying priorities, and making the day-to-day decisions about investments and development that will ultimately achieve the vision.

**Infill and intensification at existing nodes are routinely opposed by local ratepayer groups, and local interests usually prevail over regional priorities.**

In the local arena, in the absence of clear policy directions and leadership, infill and intensification at existing nodes are routinely opposed by local ratepayer groups, and local interests often trump regional priorities. Site-specific decisions are frequently at odds with policy goals and directions. In many cases, decisions are effectively taken out of the local area and referred to the Ontario Municipal Board.

*Key responses*

In order to address local resistance to smart development, local and provincial governments should develop research and education programs and tools in collaboration with the private sector and non-profit organizations to help the public and other key agents better understand the linkages between housing choices, business location choices, travel choices, and outcomes such as congestion, air pollution, and the costs of infrastructure, tax rates, and transportation costs.

**Local and provincial governments should develop research and education programs and tools to help the public understand the linkages between housing choices, business location choices, travel choices, and outcomes such as congestion, air pol-lution and the costs of infrastructure, tax rates, and transportation costs.**

This might include explaining the need for different forms of development within a community to house that community's own population as it ages, or as younger members of the same community buy their first home, or conducting and presenting research on the real impacts of higher density on property values of surrounding development.

*Strengthen political leadership on smart growth and smart development at all levels of government*

*Invest in research and educational or marketing campaigns for smart growth and smart development.*

*Provide stronger political leadership to spearhead smart growth and make tough decisions on investment priorities.*

Richmond City Hall, Richmond, BC, Hotson Bakker and KPMB

## Conclusions

Ultimately, smart growth is achieved one development project at a time – through what in this report we have called "smart development." To date, we have not seen as much smart development in the region as we would like nor indeed as much as we need to achieve smart growth. There have been some encouraging signs recently, however, such as the Province's Smart Growth exercise for the Central Ontario Zone, and the high level of support and flexibility expressed by developers and builders who participated in our smart development workshop.

**Smart growth is achieved one development project at a time, but to date, we have not seen as much smart development in the region as we need to achieve smart growth.**

However, a number of critical obstacles at present are preventing smart development. This report has identified some of the key ones, and suggested areas for action. The region continues to grow by some 100,000 people every year. Swift, coherent, and inspired action on all of the major areas identified in this report is needed if the Central Ontario Zone is to embrace smart growth.