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Home Builders'
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Re: Metrolinx Investment Strategy

About the Ontario Home Builders' Association (OHBA)

The Ontario Home Builders' Association is the voice of the new housing, development and professional renovation industry in Ontario. OHBA represents over 4,000 member companies, organized through 30 local associations across the province. Our membership includes: home builders, commercial and residential land developers, professional renovators, manufacturers, suppliers, planners, architects, engineers and lawyers. OHBA members are critical partners to Metrolinx in the creation of complete communities and transit-oriented development that will support the implementation and ongoing operation of the *Big Move*.

Executive Summary

The *Big Move* and an *Investment Strategy* to fund regional transportation improvements are critical for the future economic prosperity and quality of life for residents and businesses in the Greater Toronto and Hamilton Areas (GTHA). The new housing, commercial and land development, and renovation industries are key partners to the province in creating transit-oriented, complete communities while also contributing over $40 billion to the provincial economy on an annual basis. As a key partner, it is important that we work together on both the *Investment Strategy* as well as developing the appropriate built-form to support the *Big Move* over the long-term.

As OHBA has stated in a number of meetings with Metrolinx, Ontario Ministers and public officials, the need for the *Big Move* is not simply a reflection of demographic growth and the corresponding requirements for new housing and employment in the GTHA, but it is a response to the existing transportation and transit requirements of the current residents and employers of the GTHA. The new housing and development industry will continue to contribute its fair share of resources to support the necessary expansion and improvement of transportation infrastructure, but the burden of financing the *Big Move* cannot fall on the shoulders of new employment tenants, new housing purchasers and renovation consumers.

There are several potential revenue tools in the *Investment Strategy* that will directly impact new employer tenants, new housing purchasers and renovation consumers by challenging the industry's ability to provide housing affordability and choice in the GTHA. OHBA has identified several key issues on these potential tools, including:

- **<u>Development Charges (DCs):</u>** OHBA does not support a blanket *Big Move* Development Charge. It is important to understand the technical process by which development charges are established along with respecting the legislative appeal rights all land owners have to ensure that a final development charge is appropriate to the capital infrastructure financing plan. New employer tenants and new home purchasers, through the building and development industry, already finance upwards of $1 billion in DCs for critical infrastructure on an annual basis with many municipal DCs on new homes already over $50,000 and in some cases $60,000. These charges are a substantial burden on new employers and home purchasers who amortize the funding of infrastructure priorities over the lifetime of their mortgage.
- **<u>Regional Gas Tax:</u>** OHBA has previously recommended and passed a resolution at its Annual Meeting of Members supporting an additional allocation of three cents of the *existing* gas (two cents is currently allocated) to municipalities to fund capital expansion and maintenance of transit, roads and bridges. OHBA does not have a formal position on *new* gas taxes.
- **<u>Parking Space Levy:</u>** Parking capacity has been identified by Metrolinx as a potential revenue stream, however the supply of parking is often a reflection of the requirements of municipalities across the GTHA over many decades. OHBA is concerned that a parking space levy on commercial properties is not a transparent revenue source, as costs will be passed onto consumers through parking charges or indirectly through increased rent for tenants leading to higher prices for goods and services. OHBA is concerned that small and medium-sized businesses may have difficulty absorbing the additional costs. OHBA continues to call upon municipalities to reduce parking requirements demanded on new developments as municipal bylaws ultimately require the volume of parking to service new development.
- **<u>Land Value Capture (LVC):</u>** OHBA is prepared to work with the government on LVC in areas immediately surrounding new transit stations only under the circumstance where it is designed as a true, fair and equitable density bonus. Any LVC policy would have to occur in a framework where all lands on planned transit corridors and surrounding transit stations are either pre-zoned (as-of-right zoning) or included in a *Development Permit System* to meet the appropriate planned intensification outlined in the *Growth Plan*. The LVC applied to a limited geographic area surrounding new transit stations should then only capture a fair and balanced portion of the value uplift over and above appropriate planned intensification as a true density bonus.
- **<u>Regional Sales Tax:</u>** OHBA reminds the provincial government that with the 2010 introduction of HST in Ontario, the level of provincial taxation on new housing and renovations increased substantially. The *City of Toronto Act* established by the provincial government in 2006, also provided the City of Toronto with the ability to create a Toronto Land Transfer Tax, which was implemented in 2008, adding a new tax burden to both the Toronto new home purchaser and to the development industry as every land transaction in the City of Toronto is subject to both the Ontario Land Transfer and the City of Toronto Land Transfer Tax. The proposed one per cent regional sales tax would again add thousands of dollars to the cost of a new homes and residential renovations, ignoring the additional taxation already generated by the recent introduction of the HST and the Toronto Land Transfer tax as well as the transportation infrastructure financing already provided through development charges and other municipal levies and fees. Therefore, new housing and residential renovations should be exempt from the application of a regional sales tax.
- **<u>Tax Increment Financing (TIF):</u>** TIF offers an opportunity for local taxes from enhanced property values to be reinvested in local infrastructure. This tool is often associated with brownfield development; however, OHBA would support its use in areas immediately surrounding new transit stations and corridors.
- **<u>Cash-in-lieu-of-Parkland:</u>** OHBA believes that the maximum chargeable cash-in-lieu-of-parkland formula in the *Planning Act* is fundamentally flawed and out-of-date as the GTHA shifts development patterns to a focus on intensification. OHBA recommends that the province shift public policy priorities so that the existing money 'in the system' for cash-in-lieu-of-parkland is shifted to a 'transit-first' public policy priority.

Introduction

OHBA was supportive of the creation of Metrolinx to coordinate regional transportation planning and to ensure that broader public policy objectives are incorporated into strategic regional transportation investments. OHBA was extensively consulted through the development of a Regional Transportation Plan ("The Big Move") and is generally supportive of the key elements of the plan and of the initial investments that are now in the construction phase. OHBA supports investments to increase transit ridership to combat ever increasing congestion, adapt to changing demographics and promote higher density, sustainable urban development in the form of complete communities. Furthermore, OHBA recognizes the strong relationship between transit ridership, transit planning and land-use planning. It is critical that Metrolinx, partner Ministries, municipalities and key stakeholders including the new housing and development industry, work together to implement and achieve the objectives of the plan.

OHBA notes that the planning process has become increasingly and unnecessarily complex with numerous pieces of legislation and regulation interfacing with the land-use approvals process. Furthermore, OHBA notes that government imposed charges, at all three levels of government, have increased significantly over the past decade, having a negative impact on housing affordability and choice. OHBA looks forward to the opportunity to enhance partnership opportunities between the new housing and development industry with Metrolinx and local transit authorities and recognizes that all citizens and business sector stakeholders have an important role to play to successfully implement the *Big Move*.

The Big Move

The primary goal of the *Big Move* and the *Investment Strategy* should be to provide long-term and sustainable benefits to the citizens of Ontario – economic growth and job creation, safe and livable communities, enhanced transportation choices and improvements to the environment. OHBA strongly believes that strategic and sustained infrastructure investment dedicated towards the implementation of the *Big Move* will help maintain, support and enhance the quality of life, economic prosperity and productivity of the GTHA and beyond.

OHBA is very supportive of the initial efforts by Metrolinx to address the transportation challenges of the Golden Horseshoe. OHBA has been consistent in its efforts, for the province to significantly increase investments in core infrastructure with an emphasis on improving transportation systems in the Golden Horseshoe and across Ontario.

Key Principles as Defined by OHBA

The *Investment Strategy* should incorporate six fundamental principles:

- Metrolinx must apply the principle of <u>fairness</u> in the application of how revenue tools are applied to participants in the transportation system (business and residents);
- Metrolinx must ensure a high degree of <u>accountability</u> and <u>transparency</u> in terms of the revenue derived from the tools that are implemented as well as the capital expenditures for new/expanded transportation infrastructure projects. OHBA recommends Metrolinx release annual reports that include a full geographic breakdown of revenues for each tool that establishes a clear link between the revenue and dedicated transportation projects.
- Metrolinx must ensure that any new revenue tools must be <u>easily</u> and <u>affordably</u> implementable. The public and the business community will neither support new tools that require significant new bureaucratic administrative oversight nor new tools that require significant up-front infrastructure requirements to collect revenue. A rigorous cost-benefit analysis is required for each potential new revenue tool.
- The full <u>geography</u> of the Metrolinx service area must <u>equitably</u> participate in revenue raising obligations. If revenues are directed to service jurisdictions where local citizens and businesses

will benefit from new and expanded transportation infrastructure, then they should be expected to contribute.

- The Investment Strategy must be tied to smart city building and efficient land-use planning, endeavoring to accommodate the region's growing population and employment in the most efficient way possible.
- The Investment Strategy should not be considered as a static strategy, but as a dynamic strategy that may/can evolve over time.

New Housing and Development Industry as Partners to Metrolinx

As OHBA has stated in a number of meetings with Metrolinx, Ontario Ministers and public officials, the need for the *Big Move* is not simply a reflection of demographic growth and the corresponding requirements for new housing and employment in the GTHA, but it is a response to the existing transportation and transit requirements of the current residents and employers of the GTHA. The new housing and development industry will continue to contribute its fair share of resources in support of the necessary expansion and improvements to transportation infrastructure, but the burden of financing the *Big Move* cannot fall on the shoulders of new employment tenants, new housing purchasers and renovation consumers.

The residential construction industry is a key partner for the government to achieve the objectives of Metrolinx. Our industry provides new customers to both new and existing transit lines by constructing new homes and condos at appropriate densities and brings new population and employment opportunities to serve transit corridors and mobility hubs. It is therefore absolutely essential that transportation and land-use planning be fully integrated and coordinated at both the provincial and municipal level. Furthermore, infrastructure investments, by all levels of government, should be guided by the *Growth Plan* and the *Big Move*.

Therefore, Metrolinx should take a more active role supporting intensification and transit-oriented development in *Mobility Hubs* and in the immediate vicinity of transit stations and corridors. Local planning decisions are often political in nature and it is important that Metrolinx act as a partner in supporting new development that is transit-oriented while increasing potential ridership, thereby reducing annual public operating subsidies where major public sector capital investments for transit infrastructure are made.

The new housing and development industry is often politically challenged by NIMBYism, which can sway local councilors, even in locations directly above or adjacent to major transit facilities. OHBA strongly believes that Metrolinx must strengthen its role as a partner to industry in actively supporting complete communities and transit-oriented development.

Investment Strategy – Funding the Big Move - General

With respect to sustainable financing, OHBA will continue to advocate for transportation infrastructure investments from both the provincial and federal governments. A rejuvenated transportation system that will enhance the quality of life, productivity and economic prosperity of the region should have significant funding contributions from the *genera*l tax base. It is essential that the province continue to make significant infrastructure investments and for the federal government to create a long-term and predictable funding commitment through a national transit strategy.

OHBA believes that the progressive nature of Ontario's income tax structure should remain the primary basis for long-term infrastructure investment, notwithstanding the need for new dedicated revenue tools for the regional transportation system to catch-up from decades of neglect. OHBA is supportive of generating revenue for transit expansion from the broader tax base and any new revenue tools should not target specific sectors or penalize specific groups of people. OHBA recommends broad tools amongst the broad cross section of the users of our transit and road systems in the GTHA rather than tools that target specific sectors.

Investment Strategy - Potential Revenue Tools – Development Charges

OHBA is opposed to potential amendments to the *Development Charges Act* (DCA) that enable municipalities to levy additional new charges for transportation related infrastructure. A Metrolinx white paper previously suggested that the DCA be amended to allow municipalities to recover the full growth related costs of transit infrastructure and to base cost recovery on a level of transit service above existing levels. These recommendations are counterintuitive, as they would reduce housing affordability in the specific areas that Metrolinx should be promoting growth and intensification. Furthermore, the ten-year historical service average and mandatory 10 per cent of soft services and transit discount exist to prevent municipalities from gouging new home buyers while suppressing property taxes. It is clearly unfair for the first purchaser of a new home to embed the costs in their mortgage for an infrastructure asset that will be used for generations to come.

Existing property tax payers must share in some of the costs for transit expansion, as those homeowners will also benefit from faster and more reliable services over the life-cycle of the asset. It should be noted that a recent study by BILD (Building Industry and Land Development Association), found that average development charges in the GTA increased by 75.1 per cent between 2001 and 2008 with these charges continuing to escalate at an alarming rate. Growth should pay for growth; however it should not be burdened by paying everyone's share. After all, new growth also adds to the long term assessment base and provides transit agencies with new customers.

Summary of Development Charges in the GTA - Single Family Dwelling Units – 2013						
Municipality	Region	TOTAL	Region DC	Municipal DC	GO Transit DC	EDC
Oakville	Halton	$63,947	$36,779	$23,503	$1,032	$3,665
Brampton	Peel	$63,118	$35,532	$25,351	$476	$1,759
Markham	York	$61,931	$40,107	$19,490	$314	$2,020
Aurora	York	$57,864	$40,107	$15,423	$314	$2,020
Caledon	Peel	$57,246	$35,532	$19,479	$476	$1,759
Milton	Halton	$57,247	$36,779	$15,771	$1,032	$3,665
Newmarket	York	$57,093	$40,107	$14,652	$314	$2,020
Vaughan	York	$55,068	$40,107	$12,627	$314	$2,020
Whitchurch-Stouffville	York	$54,723	$40,107	$12,282	$314	$2,020
Halton Hills	Halton	$54,543	$36,779	$13,067	$1,032	$3,665
Mississauga	Peel	$54,534	$35,532	$16,766	$476	$1,759
King	York	$54,432	$40,107	$11,991	$314	$2,020
Richmond Hill	York	$54,331	$40,107	$11,890	$314	$2,020
East Gwillimbury	York	$54,024	$40,107	$11,583	$314	$2,020
Georgina	York	$49,154	$40,107	$6,713	$314	$2,020
Burlington	Halton	$47,964	$35,275	$7,992	$1,032	$3,665
Clarington	Durham	$38,422	$20,293	$15,518	$647	$1,964
Brock	Durham	$36,632	$20,293	$13,728	$647	$1,964
Whitby	Durham	$34,962	$20,293	$12,058	$647	$1,964
Ajax	Durham	$34,933	$20,293	$12,029	$647	$1,964
Uxbridge	Durham	$34,325	$20,293	$11,421	$647	$1,964
Scugog	Durham	$33,292	$20,293	$10,388	$647	$1,964
Pickering	Durham	$33,018	$20,293	$10,114	$647	$1,964
Oshawa	Durham	$30,110	$20,293	$7,206	$647	$1,964
Toronto		$19,956	-	$19,412	-	$544
Chart does not include "voluntary" development charges or front end agreements						
Source: Building Industry and Land Development Association						

New home buyers, which only represent a small fraction of the regional population and therefore a small fraction of transit/road capacity demand, already contribute hundreds of millions of dollars on an annual basis towards capital infrastructure expansion. Transit has been underfunded for decades, therefore new home buyers and new employment tenants should not bear the costs of funding the *Big Move*. OHBA is therefore opposed to new DCs as a Metrolinx revenue tool.

Investment Strategy - Potential Revenue Tools – Gas Tax

OHBA has previously advocated for and passed a resolution at its Annual Meeting of Members supporting an additional dedication of three cents of the existing gas tax to municipal transportation systems across Ontario (currently two cents of the gas tax is dedicated to local transportation). As part of the Metrolinx *Investment Strategy,* OHBA recommends an additional portion of the existing gas tax be dedicated to local municipal transit, roads and bridges. OHBA has not taken a formal position with respect to an additional levy on top of the current gas tax as a new Metrolinx revenue tool.

Investment Strategy - Potential Revenue Tools – Parking Space Levy

The supply of parking capacity that has been identified by Metrolinx as a potential revenue stream is a reflection of the requirements of municipalities across the GTHA over many decades. OHBA is concerned about the fairness of requiring a commercial parking levy on the existing inventory of spaces with little ability for a commercial property owner to reduce their inventory and associated new costs established by the implementation of a new revenue tool. A parking space levy on commercial properties is not a transparent revenue source, as costs will be passed onto consumers through new parking charges or indirectly through increased rent for tenants leading to higher prices for goods and services. OHBA is concerned that small and medium-sized businesses may have significant difficulty absorbing the additional costs. Furthermore, OHBA continues to call upon municipalities to reduce the parking requirements they demand on new developments as municipal bylaws ultimately require the number of parking spots to service new development. OHBA recommends that if this option is explored in depth by the government, that the focus of a parking levy should be a surcharge on street parking, public parking and other public facilities such as GO/TTC lots.

Investment Strategy - Potential Revenue Tools – Land Value Capture

Land Value Capture (LVC) is a potential revenue tool that only makes sense if there is a fair and balanced policy framework in geographically specific zones surrounding new transit stations. Without the proper due diligence and supportive underlying policy framework, LVC simply becomes a cash-grab – which the industry would strongly oppose. OHBA notes that LVC is a funding mechanism that can only be utilized for specific projects rather than as a blanket tool and that it is not expected to be a significant revenue generator for Metrolinx. Furthermore, revenues would be highly volatile depending on the real estate market as well as the site specific opportunities on lands adjacent to new transit stations. Lastly, the revenue generated would not be sustainable as it is designed to capture a one-time gain in property value.

OHBA notes that the incremental costs associated with implementing LVC could be significant in administrative terms. In a March 2013 report to Metrolinx (*Metrolinx Big Move Implementation Economics Revenue Tool Profiles*), AECOM and KPMG note that the projected high administrative costs associated with LVC are because any implementation must be specific to a designated property and that there will also be legal costs associated with developing the contracts that Metrolinx or the regional transit authorities will be entering into with the private developers and investors.

LVC, if properly designed, could provide benefits to both the transportation system, through additional revenue, and to the development industry by ensuring a clear, transparent planning framework, in which higher density outcomes occur through a predictable and streamlined process. LVC should be designed to capture a *portion* of the increase and associated benefits in land-value created by new transportation infrastructure. OHBA notes that the slow pace of Official Plan approvals through the Growth Plan conformity exercise has created a shortage of approved development lands, which has been the primary reason for recent substantial land value increases (even with the absence of transit investment); therefore, the design of an LVC policy should be very careful in calculating uplift as a result of transit investment. LVC should also incorporate a defined geographic zone that is limited in its use to areas that directly benefit from new transit station infrastructure. Furthermore, LVC should also be designed as a *true* density bonus over and above proper 'as-of-right' zoning or through a well-defined bonus structure in a *Development Permit System*.

OHBA will only consider support for LVC provided that all lands on a transit corridor and in nodes surrounding transit stations are properly pre-zoned for appropriate density (i.e. Places to Grow *Urban Growth Centres* and Metrolinx *Mobility Hubs*) <u>*before*</u> implementing LVC as a new revenue tool, otherwise over-taxation will occur. LVC if properly implemented, should represent a *true density bonus* over and above appropriate zoning and density targets.

OHBA is very concerned that LVC could be implemented with the simple goal of maximizing revenue without the appropriate planning policy framework that supports transit-oriented development. If LVC is implemented in a similar fashion to the application of Section 37 *Planning Act* agreements in the City of Toronto, whereby value for density "bonusing" is captured when zoning by-laws that haven't been updated since as early as the 1950s in some areas are amended to reflect today's development realities, the industry would be strongly opposed to such an approach. Furthermore, LVC is not appropriate where existing transit lines have been in place for a number of years and where there will not be an uplift in value due to new transit investment (i.e. along existing subway and streetcar lines). LVC, if implemented as a revenue tool, must reflect a 'true density bonus' above and beyond proper pre-zoning (as-of-right zoning) and only be applied in locations immediately surrounding new/planned transit stations.

Metrolinx's role in funding planning staff to review the current land-use and zoning designations along the Eglinton Crosstown corridor provides an opportunity to examine and implement a Development Permit System (DPS) in the upcoming review of City of Toronto Official Plan across the entire corridor. Metrolinx has the opportunity to provide leadership on the multi-billion-dollar provincial investment by ensuring that a complementary planning structure is established through a DPS based on appropriate land-use designations that will substantially improve the quality of life and investment opportunities along Eglinton Avenue. Lastly, the province must be careful to ensure that any LVC formulae does not act as a barrier to the successful implementation of Places to Grow.

<u>Investment Strategy - Potential Revenue Tools – Regional Sales Tax</u>

A regional sales tax designed as a "Value Added Tax", similar to the HST, has significant sector specific implications for the new housing and renovation industries. Similar to the HST an additional regional VAT would have negative consequences for housing affordability and drive more renovations into the underground cash economy. A one per cent new regional dedicated sales tax has been suggested by some stakeholders as a broad regional solution to support transit. OHBA notes that while one per cent may add $1.50 to the cost of a new pair of jeans, it would add about $6,500 to the cost of an average single family home and $4,500 to the cost of an average condo in the GTA.

Within the context of HST the Provincial Government recognized in 2009 that *housing is different*, and established new housing threshold protections greater than the current federal GST thresholds (established in 1991) and a more progressive tax structure than the current GST structure (established 1991). Despite these thresholds, the HST represented a substantial net new increase in sales tax revenue from the new housing industry upon implementation in 2010. An additional regional sale tax would represent a significant increase in taxation for new housing and renovations on top of the existing HST, provincial land transfer tax, Toronto land transfer tax in the 416 and development charges that already support transit. OHBA is very concerned with respect to the impact on housing affordability and choice.

The government must recognize that ***new housing and residential renovations are different*** and OHBA recommends that new homes and renovations should be exempted from a regional sales tax. As previously noted, new housing consumers already contribute significantly to transportation infrastructure through development charges and through newly imposed taxes over the past few years including a Toronto Land Transfer tax and the recent implementation of the HST (the provincial PST was not applied to residential renovations and was only applied to the 'materials' portion of a new home which represented only about one quarter of the total cost to a new home buyer)

The residential renovation sector accounts for approximately $25 billion in investment activity in Ontario and supports over 200,000 jobs in the province. Pressure from the underground economy continues to plague the renovation industry, where a high percentage of work is done for "cash". These unscrupulous contractors hurt the reputations and competitiveness of legitimate renovation contractors and cheat governments out of billions of dollars. The introduction of the HST exacerbated the existing underground economy problem that is rampant in this sector, presenting a myriad of problems including, significant losses in tax revenues and increased risk to consumers. Prior to July 1, 2010, renovators applied only five per cent GST to contracts, but now they must apply 13 per cent HST. A regional transit sales tax would only further incent consumers to avoid taxation and pay cash for underground renovations. The government must recognize that adding additional taxes to the renovation sector is simply pouring fuel onto the fire in terms of driving consumers and contractors to the underground economy. Therefore, OHBA recommends that if a regional transit sales tax is implemented the province should exempt residential renovations from a regional transit sales tax.

OHBA is not opposed to the concept of a regional transit sales tax, however, the provincial government must recognize that ***housing is different*** and both the new housing sector and the residential renovation sector require specialized taxation policies to mitigate the unintended consequence of the sales tax.

Investment Strategy - Potential Revenue Tools – Tax Increment Financing

Tax Increment Financing (TIF) offers an opportunity for local taxes from enhanced property values to be reinvested in local infrastructure. When a TIF redevelopment project area is created through a Community Improvement Plan, a base amount is established for the value of properties in that area. The property taxes paid on this base amount continue to go to the different taxing bodies; however, the property taxes captured from any uplift in value associated with new infrastructure are dedicated to paying for that infrastructure. TIFs are often used in brownfield development or blighted urban areas, with the property taxes from the resulting urban growth being used to cover infrastructure improvement costs. This revenue tool could be utilized in areas surrounding new transit stations as a means of paying for a portion of the new infrastructure. OHBA would support the use of this revenue tool in areas immediately surrounding new transit stations and along transit corridors. OHBA notes that this tool can be an unpredictable source of revenue - as while new development and property values are likely to increase, the amount of new development and associated additional property taxes collected are not a guaranteed source of revenue.

Investment Strategy - Potential Revenue Tools – Utilize Land Holdings

Metrolinx should require growth and intensification in mobility hubs and transit corridors. Creative partnerships with respect to partnering with residential builders and commercial developers to add additional population density and employment opportunities at transit station locations, could support both transit-oriented development while tapping into a revenue stream to assist in the construction of new stations or the modernization of existing stations. Metrolinx, local transit agencies and other public agencies, boards and commissions as well as other public sector partners (hospitals, colleges, universities etc.) are sitting on an incredible source of potential revenue through their land holdings. OHBA strongly encourages Metrolinx to leverage their leadership to suggest that the public agencies move and contribute more expediently in the development of their lands to support transit as well as tapping into revenue sources to fund system expansion. Furthermore, GO Transit possesses significant land holdings in the form of parking lots surrounding stations, many of which could be redevelopment with parking shifting underground or into stacked parking structures. Again, Metrolinx has an excellent opportunity to operate as a partner with the industry through leadership by leveraging their existing land holdings and initiating with other public agencies new creative opportunities to compliment the Big Move.

Investment Strategy - Potential Revenue Tools – National Transit Strategy

Both the OHBA and our national association (Canadian Home Builders' Association [CHBA]) are supportive of a national transit strategy that dedicates funding to support municipal transit expansion. In a resolution passed at the 2012 OHBA Annual Meeting of Members, it was noted that: Canada remains the only OECD (Organization for Economic Co-Operation and Development) country without a long-term, predictable federal transit-investment policy and that, a key priority for the federal government should be the expansion of core infrastructure in support of a growing economy and growing population. Furthermore, it was noted that OHBA supports a *Long-Term Infrastructure Plan for Canada* that provides stability and predictability for both the federal government's partners at the provincial and municipal level and private sector stakeholders.

At the Canadian Home Builders' Association's (CHBA) Annual Meeting of Members in March 2013, the national association passed a resolution supporting a national transit strategy that dedicated funding to support municipal transit expansion. The resolution noted that major urban centres across Canada are growing and intensifying and require a dedicated national transit strategy with predictable long-term funding. There is a clear need to coordinate long-term plans and investments with municipal and provincial partners that anticipate future growth and pursue desirable outcomes of infrastructure systems.

Investment Strategy - Potential Revenue Tools – Cash-in-lieu-of-Parkland

OHBA has significant concerns that some municipal cash-in-lieu of parkland dedication policies are acting as a hindrance to intensification and are, therefore, negatively impacting opportunities to create *transit-oriented development*. The cash-in-lieu of parkland fees, often charged at the maximum allowable amount under the *Planning Act,* significantly adds to the cost of medium-and-high density projects in the 905 (Toronto has an alternative rate) without drastically improving or adding park facilities within the area of the new development. The increased cost to builders is passed onto new home buyers which decrease the affordability of housing within urban growth centres and intensification corridors. This is not an example of smart city building and efficient land-use planning and requires amendments to provincial policy.

Municipalities have had the ability to create local parkland by-laws to support intensification, however very few have undertaken this initiative despite provincial encouragement. OHBA has recommended the province act to reduce cash-in-lieu (CIL) of parkland fees in *Urban Growth Centres* and intensification/transit corridors to promote intensification. As part of the Metrolinx *Investment Strategy,* OHBA recommends that rather than levy new charges and fees on new housing to fund transit over and above existing and outdated fees; that the province should review public policy priorities and shift excessive cash-in-lieu of parkland fees towards much needed transit infrastructure. A public policy review could reduce or shift significant existing dollars in the system towards transit expansion as a public policy priority.

Tools to Support Intensification and Complete Communities

The Ontario Government has a number of major public policy objectives to provide long-term and sustainable benefits to the citizens of Ontario through economic growth and job creation, safe and livable communities and enhanced transportation choices. The *Growth Plan for the Greater Golden Horseshoe* and the *Big Move* go hand-in-hand as key economic development strategies to ensure the long-term economic, environmental and social sustainability of Canada's largest urban centre.

The members of OHBA are a vital partner with the provincial government in implementing the *Growth Plan* and the *Big Move* through the creation of complete communities that improve the range of opportunities for people to live, work, and play in the GGH. The challenge to increase densities and intensify development requires additional financial and policy tools to support intensification from the province and municipalities. Tools such as pre-zoning / pre-designating lands or implementing a *Development Permit System* along intensification/transit corridors and *Urban Growth Centres* would facilitate mixed-use complete communities at higher densities. Furthermore, infrastructure standards and design criteria should be reviewed by the province to ensure they are modernized to acknowledge new conservation/construction techniques. It is critical that proactive measures are taken by the province and municipalities to reduce the barriers to intensification and transit supportive development.

Tools to Support Transit Oriented Development: Parking Requirements

OHBA is supportive of policies and planning strategies that reduce and provide flexibility regarding municipal parking requirements. Parking requirements, set by municipalities are often extremely onerous and are the antithesis of *Transit Oriented Development*. Current parking requirements discourage intensification and significantly increase the cost of medium-and-high density projects. A reduction of municipal parking requirements in residential projects generated by these changes would improve housing affordability in developments located adjacent to transit corridors.

Municipalities should update parking requirements in *Urban Growth Centres, Mobility Hubs* and intensification/transit corridors. It's counterintuitive for the province to be encouraging public transportation while municipalities require builders to construct far more parking spaces than are necessary. Revisions to parking standards that are often extremely onerous can assist to reduce the costs associated with underground and structured parking facilities. In fact, the provision of additional parking spaces encourages new residents to use private automobiles as their primary method of transportation. OHBA recommends that the province implement policies that support public transit and improve housing affordability by reducing and providing flexibility for municipal parking requirements.

Conclusion

OHBA appreciates the leadership position taken by the province to support transit in communities across Ontario. Furthermore, OHBA is generally supportive of the Metrolinx *Big Move* and looks forward to the release of an *Investment Strategy*. OHBA has strongly supported focused investment in 'core infrastructure' from both the provincial and federal governments. OHBA reiterates that the new housing and development industries already contribute significant sums of revenue to the provincial and federal governments while supporting growth-related municipal transit and transportation infrastructure through Development Charges.

Our members are concerned that a number of potential revenue tools would have a disproportionate impact, and perhaps unintended consequences, on new home buyers and renovation consumers. OHBA would support a re-allocation of existing resources towards transit infrastructure and would welcome further discussion towards a fair and balanced Land Value Capture system provided that base 'pre-zoning' is in place. Transit should be viewed as a provincial priority in terms of not only implementing new revenue tools, but also in finding budget efficiencies and reallocating resources with a transit first approach to investment. OHBA appreciates the opportunity for consultation and looks forward to further conversations with Metrolinx and our partner Ministries.