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LES VILLES

FINANCING
CITIES

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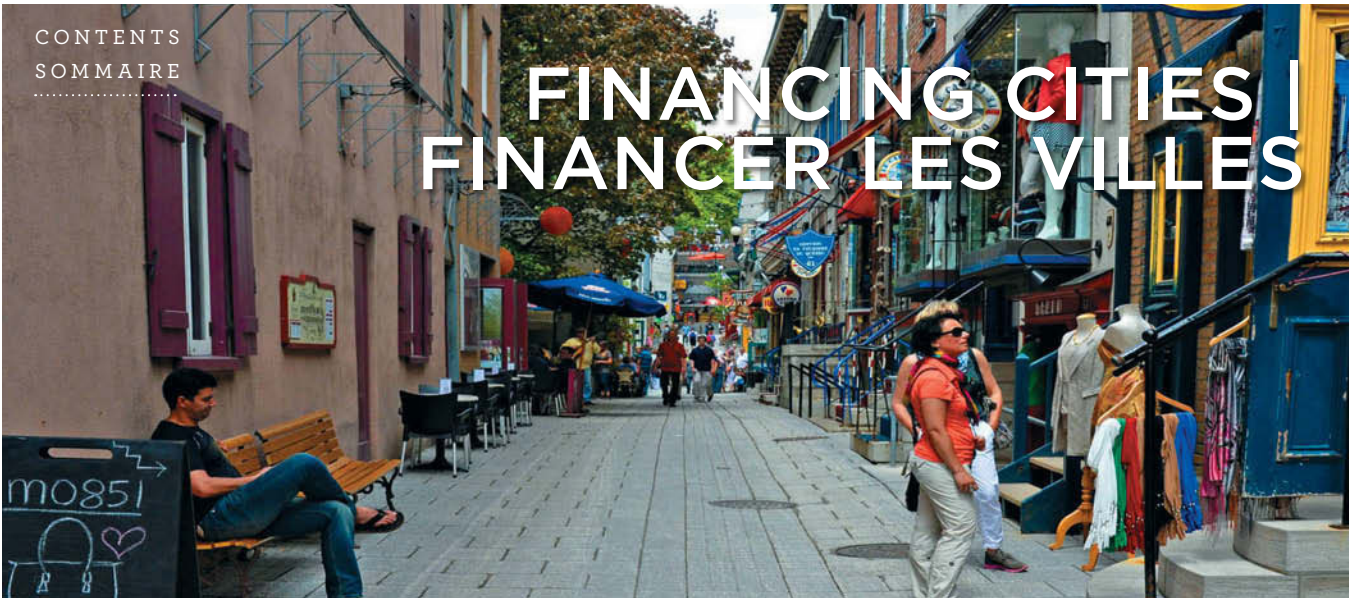


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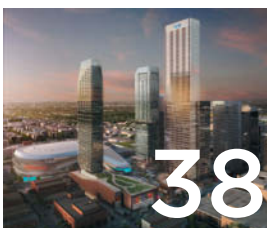
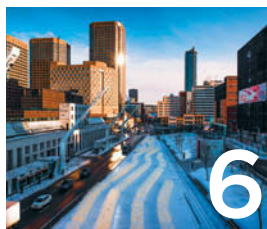
FINANCING CITIES | FINANCER LES VILLES



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HAZEL CHRISTY MBA, MCIP, RPP
PRESIDENT, CANADIAN INSTITUTE OF PLANNERS /
PRÉSIDENTE INSTITUT CANADIEN DES URBANISTES

PLANS IN ACTION



HAZEL CHRISTY, MBA,
MCIP, RPP
President, Canadian
Institute of Planners /
Présidente Institut
canadien des urbanistes

It is crucial for planners to remain engaged in the work of their national representative body.

CIP is entering a new era with the adoption of bylaws to establish a new governance model. The road to this moment in CIP's history has been thoroughly discussed and debated by the planning membership over the past year and the new way forward is about inclusivity and independence. As we put plans in place for celebrating CIP's centenary in 2017, the Institute is more member-focused and has experienced more member engagement than ever before.

It is crucial for planners to remain engaged in the work of their national representative body. Nominations for a new Board of Directors are underway, which, for the first time, will be elected by individual members across the country. The new board will have a national and international perspective, and will be responsible for keeping CIP focused on adding value to its members, the planning profession, stakeholder groups, and Canadians, while working toward a more productive partnership that complements the role of the Provincial and Territorial Institutes and Associations (PTIAs).

CIP is working on a number of exciting initiatives. Committees have welcomed new members who

have begun the task of rebuilding relationships and examining new tools to for policy improvements. Through international outreach activities, CIP is again looking to share Canadian expertise with planning colleagues worldwide.

This issue of *Plan Canada* is about financing cities, a task that requires innovative thinking and cooperation at all levels in Canada's changing infrastructure environment. The role of planners becomes even more integral as the federal government works to close the gap between infrastructure needs and the challenges of funding at the municipal level.

CIP will be forwarding copies of this edition of *Plan Canada* to mayors across Canada, which highlights the evolving role of planners and how they can help to advocate for stronger and healthier communities. I encourage everyone to read this important edition.

As our national conference in Québec draws closer, I would like thank the membership at large for their commitment to move forward. I have spoken to and shared emails with many planners over the past months and the dialogue has been invaluable.

As always, if you have any questions or comments, please email communications@cip-icu.ca. ■

À PIED D'OEUVRE

Avec l'adoption d'un Règlement administratif qui instaure un nouveau modèle de gouvernance, l'ICU inaugure une nouvelle ère. Le cheminement vers ce moment historique pour l'ICU a été ponctué de débats et de discussions en profondeur par les membres au cours de la dernière année, et la nouvelle orientation est donnée sous le signe de l'inclusion et de l'indépendance. Alors que nous nous apprêtons à en célébrer le centenaire, l'Institut est plus que jamais axé sur ses membres et s'est ouvert plus que jamais au dialogue.

Il est essentiel pour les urbanistes de suivre de près les travaux de l'organisme national qui les représente. Les mises en candidature du prochain conseil d'administration sont ouvertes et, pour la première fois, ce sont les membres de partout au pays qui à titre individuel les éliront. Le nouveau conseil d'administration sera attentif aux enjeux nationaux et internationaux. Il lui incombera d'assurer que l'ICU soit une source de valeur ajoutée pour ses membres, pour la profession d'urbaniste, pour les groupes de parties intéressées et pour l'ensemble des Canadiens et des Canadiennes. Il s'efforcera aussi d'entretenir un partenariat plus productif et de jouer un rôle complémentaire à celui des associations et instituts provinciaux et territoriaux (AIPT).

Il est essentiel pour les urbanistes de suivre de près les travaux de l'organisme national qui les représente.

L'ICU travaille à des projets prometteurs. Les comités se sont adjoint de nouveaux membres qui ont entrepris de renouer le contact avec les membres et les interlocuteurs et d'examiner les possibilités de bonifier les politiques. Par ses activités de rayonnement à l'étranger, l'ICU cherche de nouveau à faire valoir le savoir-faire canadien auprès de collègues urbanistes partout dans le monde.

Le présent numéro de *Plan Canada* porte sur le financement de nos cités et villes, un enjeu qui exige d'innover au niveau des idées et de collaborer à tous les niveaux dans le secteur canadien de l'infrastructure qui évolue rapidement. Les urbanistes jouent un rôle encore plus crucial alors que le gouvernement fédéral travaille à faire converger les besoins en infrastructure et les défis du financement au niveau municipal.

L'ICU fera parvenir un exemplaire du présent numéro de *Plan Canada* aux maires d'un peu partout au pays, car il souligne l'évolution du rôle des urbanistes et la façon dont ils peuvent contribuer à des collectivités plus fortes et plus saines. Je vous encourage tous et toutes à lire cet important numéro.

Alors que nous approchons de la tenue de notre congrès national à Québec, je tiens à remercier l'ensemble des membres pour son engagement à aller de l'avant. Au cours des derniers mois, j'ai parlé et échangé des courriels avec bon nombre d'urbanistes et ce dialogue a été d'une grande valeur.

Et comme d'habitude, si vous avez des questions ou des commentaires, n'hésitez pas à nous en faire part à communications@cip-icu.ca. ■

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141 avenue Laurier Avenue West/ouest Suite/Bureau 1112
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Tel/Tél. : (800) 207-2138 (613) 237-7526
Fax/Télé. : (613) 237-7045
www.cip-icu.ca | admin@cip-icu.ca

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Managing Editor/Directrice de la rédaction
Andrea Németh

Group Publisher/Éditrice de groupe
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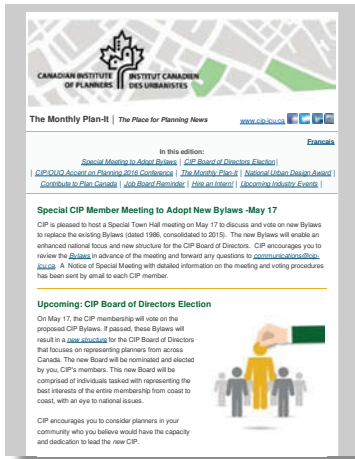
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Candace Bremner

Sales Representative/Représentant de vente
Jason Currie

Layout & Design/Mise en page et conception graphique
Sharon Lynne, alawind creative direction

Cover Design
Calvin Harding

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TIMELY INFORMATION

The Canadian Institute of Planners is working hard to bring you timely information. Check your email on the second Wednesday of every month for CIP's The Monthly Plan-It.

L'INFORMATION EN TEMPS OPPORTUN

L'Institut canadien des urbanistes s'efforce de vous communiquer de l'information en temps opportun. Vérifiez votre boîte de courriel le deuxième mercredi de chaque mois. Vous y trouverez la publication Ce mois-ci en urbanisme de l'ICU.

We want to know where you are reading *Plan Canada*. Share it with us on social media using #PlanCanadaMag.

Jeffrey Chase shared that he was reading his *Plan Canada* on Good Friday in Calgary.



Nous voulons savoir où vous lisez *Plan Canada*. Dites-le-nous dans les médias sociaux en vous servant du mot-clic #PlanCanadaMag.

Jeffrey Chase nous a informés qu'il a lu son exemplaire de *Plan Canada* le Vendredi saint à Calgary.



WE WANT TO HEAR FROM YOU.

CIP wants to get social. Be sure to follow us for updates and let us know what you've been working on or reading.

NOUS VOULONS RECEVOIR DE VOS NOUVELLES.

L'ICU veut être présent dans les médias sociaux. Suivez-nous pour être au courant de l'actualité et nous faire part de vos travaux ou de vos lectures.



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STAY INFORMED DURING THE CONFERENCE

Stay informed during the CIP/OUQ Accent on Planning 2016 Conference in Québec. Use the Conference App

There is nothing to download. Simply navigate to www.eventmobi.com/ACCENTPLANNING during the conference for lots of helpful features like session details, maps, and more. Don't miss out: bookmark the event page today on your phone.



DEMEUREZ AU COURANT DURANT LA CONFÉRENCE!

Demeurez au courant durant la conférence Accent sur l'urbanisme 2016 organisée par l'ICU et l'OUQ à Québec. Utilisez l'appli de la conférence!

Il n'y a rien à télécharger. Rendez-vous tout simplement à www.eventmobi.com/ACCENTPLANNING pendant la conférence pour y trouver plein de renseignements utiles, comme des précisions sur les sessions, des cartes et bien d'autres choses. Ne ratez rien! Mettez en signet la page de la conférence dans votre téléphone dès aujourd'hui!

NATIONAL URBAN DESIGN AWARDS

Urban design and architecture plays an important role in maintaining and enhancing the quality of life Canadians in enjoy in cities across the country. This year, CIP partnered with the Royal Architectural Institute of Canada and the Canadian Society of Landscape Architects, in cooperation with Canadian municipalities in order to recognize individuals, organizations, firms, and projects that have contributed to a higher quality of life and continued sustainability in our Canadian cities through urban design initiatives. The 2016 National Urban Design Awards winners represent innovation in nine cities across Canada.

PRIX NATIONAUX DE DESIGN URBAIN

L'excellence en matière de design urbain et d'architecture joue un rôle important pour ce qui est de maintenir et d'améliorer la qualité de vie dans les villes canadiennes. Cette année, l'ICU a de concert avec l'Institut royal d'architecture du Canada, l'Institut canadien des urbanistes et l'Association des architectes paysagistes du Canada, et en collaboration avec les villes canadiennes, a tenu à reconnaître des particuliers, des organismes, des entreprises et des projets qui ont contribué à améliorer la qualité de vie dans nos villes canadiennes et à assurer la durabilité de ces dernières grâce à des projets de design urbain. Les lauréats 2016 des Prix nationaux de design urbain témoignent de l'innovation dans neuf villes du pays.

**Congratulations to the 2016 National Urban Design Award winners.
Félicitations aux lauréats 2016 des Prix nationaux de design urbain.**



CIVIC DESIGN PROJECTS | PROJETS D'AMÉNAGEMENT MUNICIPAUX

NATHAN PHILLIPS SQUARE REVITALIZATION/
REVITALISATION DE LA PLACE NATHAN PHILIPS
(TORONTO, ON)

Perkins + Will Canada in joint venture / en partenariat avec, with Hoerr Schaudt Landscape Architecture and Adrian Blackwell Urban Projects | PLANT Architect Inc.

"...a successful revitalization of a civic heart that draws people in with an enduring, timeless, restrained intervention." | « ... il s'agit de la revitalisation réussie d'une place municipale de premier plan qui attire les gens par une intervention pérenne, intemporelle et contenue. »



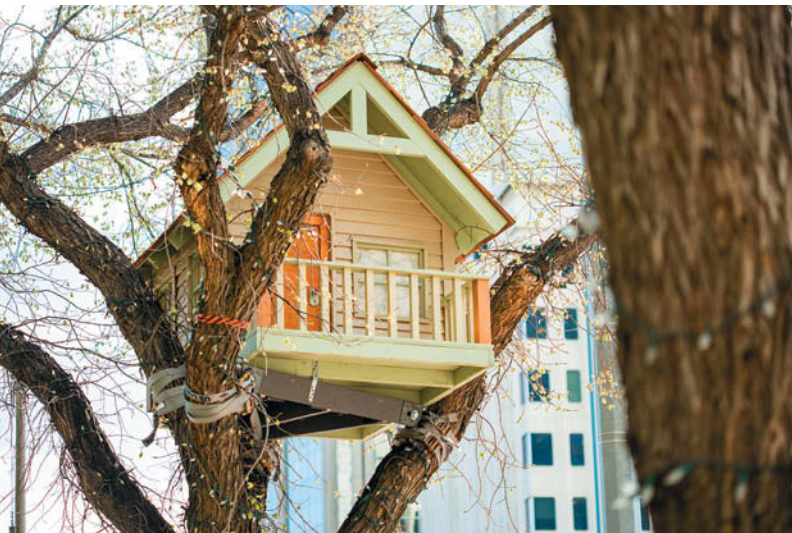
COMMUNITY INITIATIVES | INITIATIVES COMMUNAUTAIRES

THE BENCH/LE PROJET DE BANCS (CALGARY, AB)

DEVELOPERS & DESIGNERS / PROMOTEURS & DESIGNERS : anonymous | anonymes

"This project offers a new and vibrant interpretation of this basic piece of public furniture and cuts directly to what community initiated urban design should be." | « Ce projet offre une interprétation nouvelle et dynamique de cet élément de base d'un mobilier public et le réduit selon les attentes de la collectivité envers le design urbain. »

STUDENT PROJECTS | PROJETS ÉTUDIANTS



IMPOSE (EDMONTON, AB)

Brad Comis, Sebastian Sauve-Hoover, Danielle Soneff of/ de Threshold Art and Design working with/en collaboration avec Jesse Sherburne.

"...evokes thoughts of human habitat and urban wildlife while making a connection to the built fabric." | « ... cela évoque des réflexions sur l'habitat humain et la faune et la flore urbaines tout en créant un lien avec le tissu bâti. »



REGENERATING ROSSDALE (EDMONTON, AB)

Michael Zabinski, Designer

"...a thought provoking reclamation of an artifact of a previously polluting industry. It is a powerful statement of urban renewal." | « une remise en état qui suscite la réflexion d'un artefact d'une ancienne usine polluante. C'est une proclamation puissante du renouvellement urbain. »

URBAN ARCHITECTURE | ARCHITECTURE URBAINE



UNION STREET ECOHERITAGE (VANCOUVER, BC/C-B)

SHAPE Architecture Inc.

"...achieves an elegant solution that is both simple and profoundly important in creating a precedent for infill densification." | « une solution élégante à la fois simple et profondément importante en créant un précédent de densification intercalaire. »

URBAN DESIGN PLAN | PLAN DE DESIGN URBAIN



TECHNOPÔLE ANGUS - PHASE II (MONTREAL, QC)

Provencher_Roy

"The design creates a public realm with high degree of pedestrian connectivity and permeability." | « L'aménagement crée un environnement public qui se distingue par un degré élevé de connectivité pédestre et de perméabilité. »

URBAN FRAGMENTS | FRAGMENTS URBAINS



ENTRE LES RANGS (MONTRÉAL, QC)

KANVA

"...inviting, educational and playful." | « L'effet est invitant, éducatif et ludique. »



IMPULSE (MONTRÉAL, QC)

Lateral Office / CS Design

"... innovative and playful and brings people out into the city." | « Innovateur et ludique et il ramène les gens dans la ville. »

THE FOLLOWING ARE RECOGNIZED WITH SPECIAL JURY AWARDS |
LES PROJETS SUIVANTS ONT REÇU UN PRIX SPÉCIAL DU JURY

**SUSTAINABLE DEVELOPMENT AWARD |
PRIX DU DÉVELOPPEMENT DURABLE**



ST. PATRICK'S ISLAND PARK/PARC DE L'ÎLE ST. PATRICK
(CALGARY, AB)

Calgary Municipal Land Corporation

"...a positive example of how design processes can educate community members about sustainability." | « Cette démarche illustre bien comment le design peut sensibiliser les membres d'une collectivité à la durabilité. »

**SMALL OR MEDIUM COMMUNITY URBAN DESIGN
AWARD | PRIX DE DESIGN URBAIN DANS UNE
PETITE OU MOYENNE COMMUNAUTÉ**



KINSMEN PARK/PARC KINSMEN (SASKATOON, SK)

space2place design inc.

"...a fun, exciting and unique design that leads the way in public engagement." | « Voici un aménagement amusant, attrayant et unique qui montre l'exemple de l'engagement public. »

CERTIFICATES OF MERIT ARE AWARDED IN THE FOLLOWING CATEGORIES:
| DES CERTIFICATS DE MÉRITE ONT ÉTÉ DÉCERNÉS DANS LES CATÉGORIES SUIVANTES :

CIVIC DESIGN PROJECTS | PROJETS D'AMÉNAGEMENT MUNICIPAUX

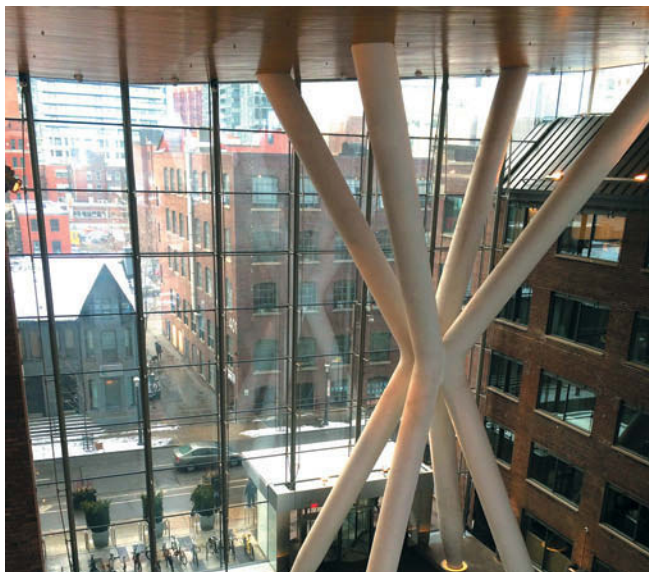


LANSDOWNE PARK/ PARC LANSDOWNE (OTTAWA, ON)

PFS Studio

"...successfully achieves feelings of leisure, space and delight." | « Il suscite une impression de détente, d'espace et de plaisir. »

URBAN ARCHITECTURE | ARCHITECTURE URBAINE



QUEEN RICHMOND CENTRE WEST (TORONTO, ON)

Sweeny&Co Architects Inc.

"The old brick buildings successfully became assets for the new design rather than barriers to its execution." | « Les vieux bâtiments de brique sont devenus des atouts pour le nouvel aménagement plutôt que des obstacles à sa réalisation. »

URBAN DESIGN PLANS | PLANS DE DESIGN URBAIN



UNIVERSITY OF OTTAWA CAMPUS MASTER PLAN/PLAN DIRECTEUR DU CAMPUS DE L'UNIVERSITÉ D'OTTAWA (OTTAWA, ON)

University of Ottawa / Urban Strategies Inc.

"The campus master plan uses classic urban infill to create strong pedestrian connections that repair the campus and successfully overcome topographical challenges." | « Le plan directeur du campus utilise l'insertion urbaine classique pour créer de solides liens piétonniers qui corrigent le campus et relèvent avec succès les défis topographiques. »

URBAN FRAGMENTS | FRAGMENTS URBAINS

QUARTIER DES SPECTACLES (MONTRÉAL, QC)

Partenariat du Quartier des spectacles

"While this body did not officially enter the urban design competition, its programming for this annual competition has been so critical in facilitating the award-winning designs that they merit acknowledgement as important agents of successful urban design." | « Cet organisme n'a pas participé officiellement au concours de design urbain, mais il a joué un rôle de premier plan dans ce concours annuel par sa programmation qui a favorisé la réalisation de projets primés. »

**URBAN FRAGMENTS |
FRAGMENTS URBAINS**



LIMOILOU DANS LA RUE (QUÉBEC, QC)

Groupe A / Annexe U

“This project takes a number of under-utilized parking spaces and animates them with a simple and elegant design. The materials are modest and the execution is effective.” | « Ce projet porte sur des places de stationnement sous-utilisées qu’il anime par un design simple et élégant. Les matériaux sont modestes et l’exécution est efficace. »

**COMMUNITY INITIATIVES |
INITIATIVES COMMUNAUTAIRES**



GORE PEDESTRIANIZATION INITIATIVE; VETERANS' PLACE/PLACE DES VÉTÉRANS (HAMILTON, ON)

The MBTW Group

“This previously moribund series of spaces were effectively rediscovered and animated with high quality pedestrian spaces.” | « ... cet ensemble d’espaces moribonds a été redécouvert et animé par des espaces piétonniers de grande qualité. »

**NEW MEMBERS |
NOUVEAUX MEMBRES**

CIP welcomes the following new full members to the Institute

L'ICU souhaite la bienvenue au sein de l'Institut aux nouveaux membres à part entière suivants :

Ann-Marie Cashin MCIP	API
Justin Forbes MCIP, LPP	API
Mark Hefferton MCIP	API
Dayna Facca MCIP, RPP	APPI
Michael Klassen RPP, MCIP	APPI
Kirstin Pacheco RPP, MCIP	APPI
Lawrence Bird MCIP	MPPI
Steven McMillan MCIP	MPPI
Jessica Bester MCIP, RPP	OPPI
Rukshan de Silva MCIP, RPP	OPPI
Jana Kelemen MCIP, RPP	OPPI
John Vos MCIP, RPP	OPPI
Ashley Beaton RPP, MCIP	SPPI
Kenny Gobeil MCIP, RPP	SPPI
Wes Holowachuck MCIP, RPP	SPPI
Alan Lindsay MCIP, RPP	SPPI
S. Yvonne Prusak MCIP, RPP	SPPI
Danny Roy MCIP, RPP	SPPI
Lee Smith MCIP, RPP	SPPI
Ian Williamson MCIP, RPP	SPPI

CIP's President Hazel Christy took part in the formal award ceremony during the RAIC's Festival of Architecture in Nanaimo, British Columbia on June 10, 2016. More details about the awards can be found online at <https://raic.org/awards/national-urban-design-awards>.

La présidente de l'ICU, Hazel Christy, a pris part à la cérémonie officielle de remise des prix dans le cadre du Festival de l'architecture organisé par l'IRAC à Nanaimo, Colombie-Britannique, le 10 juin 2016. Pour de plus amples détails sur ces prix, veuillez consulter la page Web suivante : <https://raic.org/fr/awards/prix-nationaux-design-urbain-lauréats-de-2016>. ■

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Hier à aujourd'hui | From Yesterday to Today

Cette année, la conférence nationale sur l'urbanisme a lieu à Québec du 5 au 8 juillet. Afin de vous donner un avant-goût du Congrès Accent 2016, le journal Le Soleil, de Québec vous offre un aperçu du développement urbain survenu dans les dernières décennies.

Au fil du temps, Québec a changé. Preuves, ces photos d'hier reprises aujourd'hui, pour comparer! Un projet photographique de Patrice Laroche, photographe au journal Le Soleil de Québec. ■

This year's national planning conference is taking place in Québec from July 5-8. To give you a glimpse of what is awaiting you at *Accent on Planning 2016* conference in Québec City, Le Soleil, Québec City's local newspaper offers you a taste of the urban development that occurred in the last decades.

Over time, Québec has changed a great deal. The Québec of the past is immortalized in these pictures, and contrasted with the present-day cityscapes to show the urban development of the city. This project is an initiative of Le Soleil's photographer, Patrice Laroche. ■

La rue Sainte-Anne / Sainte-Anne Street



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Parliament Hill / La Colline Parlementaire

1907



Today



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La Porte Prescott / La Porte Prescott

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Today



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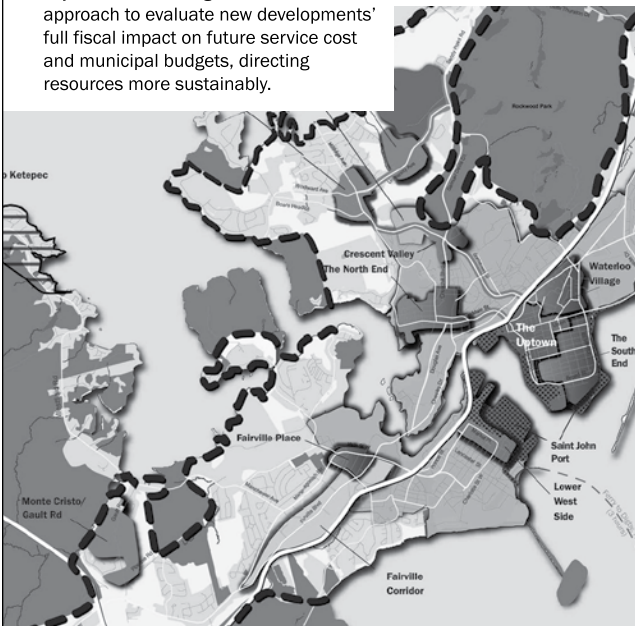
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FINANCING CITIES | FINANCER LES VILLES

It is a pleasure to be introducing this special issue on behalf of the *Plan Canada* Editorial Board. For this special issue, *Financing Cities*, we were able to bring together some of the leading economists and planners, both scholars and practitioners, from across the country to contribute.

Current municipal fiscal crisis is the single biggest challenge that Canadian cities face. Cities are severely limited by few financing options and revenues available to provide adequate services and finance capital projects and infrastructure. This issue of *Plan Canada* focuses on this important challenge by examining how reliable currently available financing mechanisms and revenue options are and exploring what other alternative options are available.

The issue is arranged in such a way that the first few essays (Slack, McMillan, and Tassonyi and Conger) set the stage by clarifying some of the basics of financing tools available to Canadian cities. Slack's essay also looks in to the future as to what next few decades may hold for the Canadian cities. The next set of articles (Amborski, Singh, Siemiatycki, and Binning) go into the details of each financial mechanism like land value capture, carbon tax, Public Private Partnerships and transit funding sources. The last three essays by practitioners (Chisholm and Beck, Fowler, and Wollenberg) include the application and effect of a financial tool in a real setting, the cost of sprawl subsidies and a discussion with a private sector land development analyst on some important questions pertaining to financing.

The Editorial Board had hoped that this issue would enlighten our readers about this timely and topical subject matter, make it more accessible to those who are not fully versed with urban economics and other more specialized aspects of planning and bring the municipal fiscal issue to the forefront. I hope that we were successful in realizing our goal. ■

C'est un plaisir pour moi que de vous présenter ce numéro spécial au nom du comité de rédaction de *Plan Canada*. Ce numéro spécial sur le financement des villes réunit quelques-uns des principaux économistes et urbanistes, tant chercheurs que praticiens, de tout le pays.

La crise fiscale est le plus grand défi auquel font face les villes canadiennes. Ces dernières sont sévèrement limitées par le peu d'options de financement disponibles pour fournir des services adéquats et financer des projets d'infrastructure. Ce numéro de *Plan Canada* met l'accent sur cet important défi en examinant la fiabilité des mécanismes de financement et en explorant les solutions de rechange.

Ce numéro est agencé de telle sorte que les premiers essais (Slack, McMillan et Tassonyi et Conger) ouvrent la voie en dressant l'inventaire des outils de financement dont disposent les villes canadiennes. L'essai de Slack cherche aussi à anticiper ce que réservent les prochaines décennies. La série d'articles suivante (Amborski, Singh, Siemiatycki et Binning) entre dans les détails de chaque mécanisme de financement comme la capture de la valeur foncière, la taxe sur le carbone, le partenariat public-privé et les sources de financement du transport en commun. Les trois derniers essais signés par des praticiens (Chisholm et Beck, Fowler et Wollenberg) comprennent l'application et l'effet d'un outil financier dans un contexte réel et une discussion avec un analyste du secteur privé sur certaines questions importantes liées au financement.

Le Comité de rédaction avait espéré que ce numéro éclairerait les lecteurs sur ce thème d'actualité, le rendrait plus accessible à ceux qui ne sont pas entièrement familiarisés avec l'économie urbaine et d'autres aspects plus spécialisés de l'urbanisme et mettrait à l'avant-plan la question de la fiscalité municipale. J'espère que nous y sommes parvenus. ■



FINANCING CANADIAN CITIES

IN THE 21ST CENTURY

BY ENID SLACK PHD

It has become commonplace to say that Canadian cities are the engines of the national economy. Cities face many challenges, however, ranging from changing demographics, increased income inequality, increasingly complex expenditure demands, downloading of expenditures from federal and provincial governments, mounting infrastructure deficits, and more. These challenges have increased over the last few decades, while revenues available to cities to address them have remained largely the same: property taxes, user fees, and transfers from federal and provincial governments. Canadian cities have been pressing for access to more revenue sources, comparable to large U.S. and European cities. Can cities raise more revenues from existing sources? Should cities be given access to more sources of revenue?



For governments to operate efficiently, revenues must be clearly linked to expenditures. A direct linkage between expenditures and revenues results in more accountable government, with taxpayers being less averse to paying taxes when they know where their tax dollars are being spent.

One way to provide that direct link is by levying user fees, which not only bring in needed revenues but also play an important role in altering economic decisions. User fees need to be properly designed to enable citizens to make efficient decisions about how much of a service to consume and governments to make efficient decisions about how much of the service to provide. Under-pricing (or not charging at all) leads to over-consumption and demands to build more under-priced infrastructure.

The property tax is a good tax for local governments: property can't move so it cannot escape the tax, it is fair based on the benefits received from local government services, and revenues are relatively stable and predictable. For many cities, the evidence suggests that there is room to increase at least the residential property tax without a major impact on the local economy. Even if property taxes were increased, however, revenues may still not be sufficient to meet the growing needs of large cities. A mix of taxes would give cities flexibility to respond to local conditions such as changes in the economy, evolving demographics and expenditure needs, changes in the political climate, and other factors. A broader mix of taxes would also allow cities to achieve revenue growth, revenue stability, and fairness in impact on taxpayers.

Many cities around the world have access to taxes such as income, sales, hotel, fuel and motor vehicle taxes. For Canadian cities, personal income taxes have the potential to bring in the most significant amount of revenue. Although it would be administratively efficient for cities to piggyback onto the provincial tax (on income, fuel, *et cetera*) with the province collecting the revenue and remitting it to cities, it is critical that local governments set their own tax rate. In this way, they would be accountable to taxpayers through the linking of taxes to the services consumed.

The federal and provincial governments have a role to play. Where local services spill over municipal (or provincial) boundaries, there is a role for these governments to provide conditional transfers that reflect the amount of the spillover.

Although transfers are appropriate under these circumstances, for the bulk of their revenues, cities need to be empowered to meet their expenditure responsibilities with adequate and appropriate own-source revenues. When the level of government making the spending decisions (municipalities) is not the same as that raising the money (provincial or federal governments), accountability is blurred. Local governments should be given the chance and challenge to raise more money on their own and they should be accountable to their citizens for financing the services they provide. It's always more pleasant for cities (and their politicians) to receive money from other governments, but such largesse is seldom reliable or free, as grants tend to reflect the priorities of the donor government.

Finally, regional structures are needed to address region-wide problems. Many issues faced by big cities – economic competitiveness, transportation gridlock, urban sprawl, air and water pollution, and social polarization – can only be solved at a regional level. The boundaries of formal government structures seldom correspond to the scale of city-regions. This problem can be solved by creating effective governance structures for their metropolitan regions. ■

ENID SLACK PhD, is the Director of the Institute on Municipal Finance and Governance at the Munk School of Global Affairs at the University of Toronto.

Financing Municipal Infrastructure: The Basics

BY BRIAN CONGER MPP, RPP, MCIP
AND ALMOS TASSONYI PhD



**"THE FEDERAL GOVERNMENT HAS THE MONEY,
THE PROVINCIAL GOVERNMENTS HAVE THE
CONSTITUTIONAL AUTHORITY, AND LOCAL
GOVERNMENTS HAVE THE RESPONSIBILITY
FOR MAKING THE ACTUAL INVESTMENTS."**

— HUGH MCKENZIE

SUMMARY Municipalities own and maintain two-thirds of Canada's stock of public infrastructure. How this infrastructure is financed forms a critical link between the needs of residents and the priorities of local government, with civic elections dominated by what gets built and who pays for it. Local infrastructure needs reverberate across all levels of government as increasingly complex and costly municipal infrastructure projects have led many municipalities to rely on their provinces and Ottawa to contribute significant funds. This article looks beyond the conditional grants that have become the lifeblood of municipalities across the country and reviews various methods and tools that local governments use to finance local infrastructure.

RÉSUMÉ Les municipalités possèdent et maintiennent les deux tiers des stocks d'infrastructures publiques du Canada. Le mode de financement de ces infrastructures forme un lien essentiel entre les besoins des résidents et les priorités du gouvernement local. Les élections municipales sont alors dominées par ce qui sera construit et qui paiera pour le faire. Les besoins en infrastructures locales se répercutent à tous les niveaux de gouvernement alors que les projets d'infrastructure municipaux de plus en plus complexes et coûteux ont conduit de nombreuses municipalités à compter sur leurs provinces et sur Ottawa pour verser des fonds importants. Cet article regarde au-delà des subventions conditionnelles qui sont devenues la pierre angulaire de municipalités à travers le pays et examine diverses méthodes que les gouvernements locaux utilisent pour financer l'infrastructure locale.

Municipal infrastructure is everywhere, from local streets and county roads, to bridges, sidewalks and landfills, and the potable water lines, sewer and storm systems tucked largely out of site. As we turn on the shower, flush the toilet and walk/drive/ride to work, we often take this infrastructure for granted, yet how local government finances the provision of municipal infrastructure directly impacts not only our wallets but our overall quality of life.

MUNICIPAL RESPONSIBILITIES

Financing the building and maintenance of municipal infrastructure occurs within the parameters afforded to local governments by their respective provinces. In Canada, as in other federal systems, constitutional bargaining has resulted in the assignment of certain expenditure responsibilities and revenue sources to local government. This is in line with the Subsidiarity Principle that states that government services should be provided by the lowest level of government that can do so efficiently. Importantly local governments are in the best position to understand, or at the very least be aware of, local preference and limitations on fiscal capacity. However, vertical fiscal imbalances among the various orders of government have developed that may require intergovernmental transfers to resolve differences in revenue capacity. As one observer

has noted, “the federal government has the money, the provincial governments have the constitutional authority, and local governments have the responsibility for making the actual investments.”¹

MUNICIPAL REVENUE GENERATION

The connection between local expenditures, local revenues and the efficient provision of public services – known as the “Wicksellian connection” – has long been understood,² meaning that there is widespread agreement on general principles that should be followed in making choices concerning the appropriate sources of local revenues. Generally speaking, the best municipal taxes are those that:

- Are based on an immobile tax base and therefore, borne primarily by local residents (not exported)

- Do not create problems with harmonization or harmful competition between local governments or local governments and more senior levels of government
- Generate sufficient, stable and predictable revenues
- Are visible to ensure accountability and transparency
- Are perceived to be fair, and
- Are easy to administer locally.³

What follows is a high-level exploration into the various methods and tools that local governments use to finance municipal infrastructure.

OWN-SOURCE REVENUES

Own-Source Revenue (OSR) is the revenue that a municipality raises by levying taxes or by generating internal revenue through fees. Three forms of OSR are of particular importance to local government.

General Operating Revenues and Reserves: From the perspective of capital financing, the use of general funds is most appropriate for the acquisition of assets with a short life expectancy (police cars and fire engines) or recurrent expenditures usually tied to maintenance and repairs (roads, sidewalks, street lighting and parks). The use of current revenues may be desirable when the benefits of capital projects accrue to current users. General operating revenue funds are not desirable for one-off expenditures or large fixed assets such as libraries or other civic buildings or assets with a long life expectancy such as water and sewer systems.

Property Taxes: The real property tax (real property being immovable property, or land and anything attached to the land, as opposed to personal property that is movable) is the only tax of any direct importance for municipalities in Canada. Provincial governments in most provinces and territories and school boards throughout the Prairies also use it. Property-related taxes include revenue from the general property tax on real property, special assessments (benefiting area taxes), payments in lieu of taxes and land transfer taxes. As the property tax is related to the collective benefits rather than the specific benefits of municipal services and is not established as a price for consuming them, such services are often over-consumed and over-provided. Furthermore, given the relatively higher effective burdens faced by non-residential taxpayers, the probability of over-provision is enhanced, as is the probability of tax exporting.

User Fees: The first rule of sensible local finance, “wherever possible, charge,” when followed can enhance economic efficiency by tying benefits to users. Canadian municipalities are allowed to charge user fees and the courts have upheld the right to charge regulatory fees as well. User fees fund some or all of the costs of a range of municipal services in Canada. The fees range from fixed charges that are unrelated to consumption to charges that vary directly with the quantity consumed, or a mix of the two. The pricing structure of user fees may cover all or only a portion of real production and delivery costs, with numerous inputs (such

as resident preference and political willingness) influencing the pricing of user fees. Ultimately, the objective in setting fees should be to establish a clear link between services received and the charges for them to avoid overinvestment and temper inefficient demand.

CHARGES SPECIFIC TO BENEFICIARIES

Beneficiary specific charges are self-explanatory, however, it is important to note that often the target of a specific charge will shift the burden to groups not intended by a municipality. Three beneficiary specific charges are covered herein.

Development Charges: Development charges (sometimes referred to as off-site levies), where a specific dollar value per lot is imposed on developers, are used to finance the off-site capital costs of new development. Historically, development charges have been largely used to finance hard services, such as water supply, sewage treatment, trunk mains and roads. A development charge corresponds best to the benefits-received principle when the costs and benefits of the infrastructure for each property can be determined. An efficient development charge must cover the full cost of delivering the service, a capacity component which covers the capital cost of constructing the facility, plus a location or distance/density charge that reflects the capital cost of extending the service to properties or neighbourhoods. The use of development charges is highly regulated in terms of the services that may be financed and the attribution of costs to new development.

Value Capture Levies: Value capture levies are designed to recover the increase in land value arising from a public investment. The levy permits the municipality to capture (some of) the economic rents accruing to the private sector that have been created by local infrastructure spending. Value may be captured in a variety of ways, including a requirement that the developer provide various facilities and infrastructure or cash, in return for being permitted to undertake the development that the new municipal infrastructure facilitates and makes profitable. Value may also be captured through a tax on commercial revenues generated by property benefited by the infrastructure. Alternatively, and more likely, a special annual tax on property could be levied on value added. Value capture levies are most suitable for mega-projects such as rapid transit expansion.

Shared Tax Field Earmarking: Earmarking from a shared tax field is typically administered through reserve funds. The advantage of earmarking is that it provides a close link between services provided by a capital asset and taxes to finance the asset — potentially providing a boost in public support. However, there are some issues in situations where funds are channeled into activities that do not have high public priorities, and earmarking may connect expenditures with revenue sources in totally illogical ways. This approach presents similar shortcomings to conditional grants in that it may distort local preferences and provide wrong

incentives for efficient behaviour. The principal advantage of earmarking revenues from a shared tax field is likely to be political acceptability; however, there is little consensus that sharing a piggybacked tax is an appropriate local tax.

OTHER METHODS

There are several other mechanisms that local governments can employ to finance municipal infrastructure, or receive infrastructure development in-kind.

Tax Increment Financing: In some provinces, variations on the U.S. experience with tax increment financing (TIF) are permitted. In general, TIFs involve defining an area, usually in need of brownfield remediation or revitalization wherein local tax revenue is divided into two categories: pre-assessed development and the increased assessed value. Revenues from the increased assessed value are then typically dedicated to the servicing of debt incurred to upgrade infrastructure. Criticisms of tax increment financing include the fact that targeting funds for a TIF development may be at the expense of overall development in a given municipality and that the revenues can impair the finances of other taxing bodies that share in the targeted areas' tax base, depending on whether the grantor has an exclusive right to the incremental revenue.

Density-for-Benefit Mechanisms: Density-for-benefit mechanisms used in several provinces are a well-known form of securing services and infrastructure in place of revenue. The principal rationales for this mechanism are to trade infrastructure for increased density, to take a share of the value created for the community and to compensate for negative externalities such as increased traffic or blocking views and light. The framework created by different municipalities can be scaled from individual buildings or developments to ward-level amenities, or a city-wide application.

Borrowing: Municipalities can choose to finance capital through long-term borrowing, matching the life of an asset more closely to the costs of acquisition. Except for the City of Toronto, municipalities are limited by provincial statute to borrowing related to financing the costs of capital projects. However, these bonds, while project-related, take the form of general obligation bonds with joint and several liability provisions, secured by the whole of the revenue base of the issuing jurisdiction. Furthermore, each province also has rules governing the instruments that may be issued, as well as currencies and hedging if the debentures are issued in a foreign currency. Given the lumpiness of capital investments, the annual preparation of operating budgets and the intolerance for revenue increases, borrowing at the municipal level can act as a smoothing device for the funding process. Borrowing rules have provided a hard budget constraint for municipalities, creating an incentive for conservative financial management and have likely enhanced their ability to borrow. This has led to pay-as-you-go policies with respect to capital financing and a strong awareness of

the importance of meeting debt-service obligations within local government.

CONCLUSION

The effective financing of municipal infrastructure is important to the well-being of all Canadians. How municipalities pay for local infrastructure impacts the choices residents and businesses make, which in turn provides local governments with the direction they need to build effective and equitable communities. ■

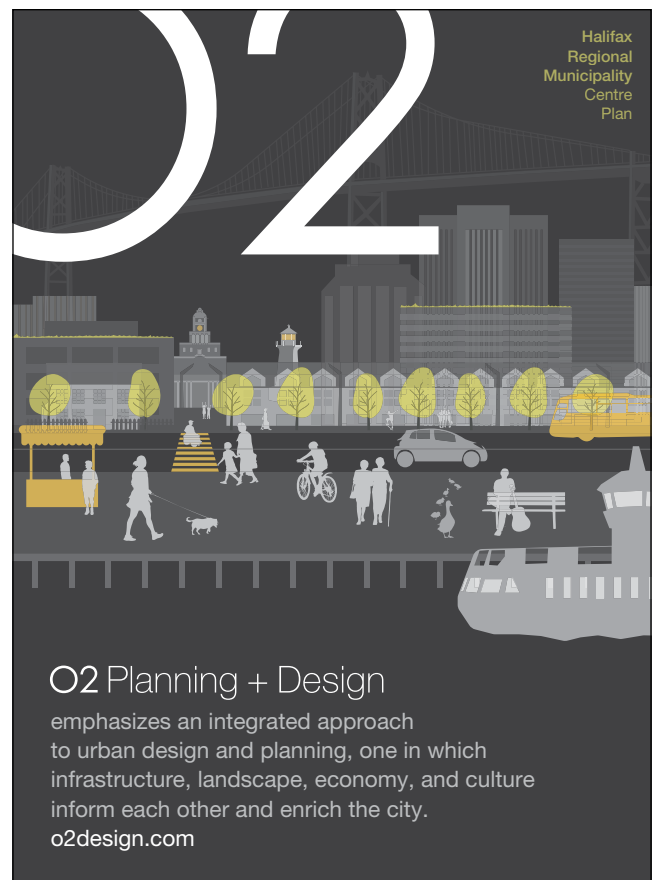
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BRIAN W. CONGER MPP, RPP, MCIP, is the Research Lead with the Urban Policy Program at the University of Calgary's School of Public Policy.

ALMOS T. TASSONYI PhD, is the Director of the Urban Policy Program and an Executive Fellow at the University of Calgary's School of Public Policy.

More information on financing municipal infrastructure can be found in their joint paper "An Exploration into the Municipal Capacity to Finance Capital Infrastructure" available at <http://policyschool.ucalgary.ca/>



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Canadian Cities: Present Structure and Possible Alternatives

BY MELVILLE MCMILLAN PHD

SUMMARY *Canada's cities have been very successful at providing local public services. The continuous challenge of balancing demands and resources has often led to calls for additional sources of funding. The objective of this paper is to help understand better the situation and options. It reviews the existing sources of funding, offers assessments, and explores some options. Alternatives have a range of pros and cons.*



RÉSUMÉ *Les villes du Canada ont très bien réussi à fournir des services publics locaux. Le défi continu de l'équilibre entre les demandes et les ressources a souvent conduit à des appels à d'autres sources de financement. L'objectif de cet article est d'aider à mieux comprendre la situation et les options. Il examine les sources de financement existantes, offre des évaluations et explore certaines options. Les alternatives ont une gamme d'avantages et d'inconvénients.*

When thinking of financing cities, Canadians typically think of property taxes. City financing, however, is considerably more complicated and funding sources more diverse. In addition, the reliance on specific sources often varies considerably among cities.

Demonstrating these characteristics accurately is not simple. Canada has no city finance database and provincial data are not necessarily consistent. As a compromise within the available space, I illustrate with data from one city, Edmonton, and for municipalities in two provinces, Alberta and Ontario but, in the discussion, I will point to some of the major variations.¹

The accompanying table indicates the diversity of revenue sources and suggests considerable similarity among the three observations. Property taxes are the single major source of revenue for municipal governments. However, sales of goods and services and transfers from other levels of government (primarily provincial) are also important with each representing about one-fifth of total revenues. Together property taxes, sales and transfers account for 75 to 90 per cent of revenues. The major difference appearing between Alberta and Ontario municipalities is that Alberta municipalities utilize more heavily various fees and charges (licences, permits, fees; franchise fees, and developer contributions) than is the case in Ontario – 12.3 per cent of revenue versus 7.5 per cent – and rely somewhat less on property taxes.

The finances of the City of Edmonton provide an interesting example. The most striking feature is that

Municipal Government Sources in 2011: Selected Municipalities

	City of Edmonton	Alberta Municipalities	Ontario Municipalities
Taxes on Property	34.5	40.9	45.2
Sales of Goods & Services	19.5	20.5	21.4
Transfers	21.5	21.7	22.5
Property/investment income	10.8	3.2	2.1
Fines & Penalties	1.7	1.3	1.1
Licences, Permits, Fees	1.8	12.3	7.5
Franchise Fees	4.1		
Developer Contributions	6.0		

Sources: City of Edmonton Annual Report; provincial and municipal data calculated from CANSIM Table 3850037.

property/investment income is comparatively large at about one-tenth of total revenue. This feature is the consequence, particularly, of the City owning a telephone company and an electric power company. Those interests were either sold (telephones and power generation) and the funds invested or (electricity distribution) established as a City-owned and dividend-paying business entity. The resulting returns reduce the demands on property taxes.

The history of utility ownership affords other insights. Sales of goods and services primarily represent user charges for city services. Typical of those are charges for water, sewerage and solid waste services, use of recreational

IF ONE-HALF OF ROADWAY COSTS WERE IMPOSED ON VEHICLE OWNERS AS AN ANNUAL LICENCE FEE, PROPERTY TAXES COULD BE REDUCED BY APPROXIMATELY 30 PER CENT.



facilities, public transit, parking, and property rental. The magnitude of such revenue depends upon the range of services provided by city governments and institutional arrangements.² For example, some services, especially utilities, may be either publicly or privately provided. Also important is whether the service (and so its revenue and expenditure) is within the city's operations or whether the service is provided through a city owned enterprise with only the net returns (for example, dividends) appearing on the city accounts. Such differences among cities account for differences in the source and distribution of revenues and, in turn, the relative importance of property taxes. The differences can be substantial. For example, a comparison of revenue sources across ten Canadian cities shows property taxes ranging from 27 per cent of revenues in Saskatoon to 72 per cent in Montreal.³

ASSESSING THE SOURCES OF FUNDS

The rationale for municipal governments is that they provide a combination of services benefiting local residents for which those local residents (as the beneficiaries of those services) are willing to pay with the residents making the choices through local political processes.

Intergovernmental Transfers. The systems of transfers to municipalities are often complex. The underlying purposes are to improve service efficiency, adequacy and fairness. Sometimes municipal services benefit nonresidents (that is, spillover) and so result in under provision. Grants can correct for such distortions. Also, municipal governments may be

seen to lack sufficient own-revenue generating capacities. If a general problem, grants may be made to all municipalities but, if only some are seen to be deficient, grants might be made only to specific low capacity units. The adequacy of the grant system can be assessed on these fundamentals.

User Charges. Cities provide a variety of services for which charges may be levied on the users to cover some if not all the costs.⁴ Utilities such as water and sewerage and public transit are prime examples. User charges are appealing because they signal to users the cost of the service (avoid low value use) and provide information to public decision makers on the value of services to users (indicate productive investments). Public support for user charges stem from a sense of fairness (that is, the beneficiaries pay versus higher taxes on everyone). Distributional issues surround user charges and governments often make concessions on the levels or, usually better, make other provisions to support those unable to pay.

Property Taxes. Taxes are the means for cities to finance the costs of services providing general public benefits not directly attributable to specific parties or for which user charges are not feasible or appropriate. In Canada, and in many other countries, municipal governments rely on property taxes (and are excluded from other major taxes). Although much maligned, the property tax has many appealing features as a local tax – especially when compared to alternatives. For example, many city services benefit property (or, more accurately, the people using the property): streets, fire protection, neighbourhood park and recreation areas are examples. Quality public services are

found to enhance property values within cities and also among cities and the effects on property values of services and taxes can assist public decision making. The residential-business tax split is often raised as an issue with the property tax. Commercial and industrial property bears a heavier tax burden than residential property and is seen to realize fewer benefits (or impose less cost). To illustrate, business property taxes account for about one-half the property taxes collected in Edmonton while representing about one-quarter of the total assessed property value. Such, not atypical, allocations pose questions about equity and efficiency.

REVENUE ALTERNATIVES?

City governments and taxpayers feel burdened by the pressures to provide services and maintain infrastructure. Hence, various revenue alternatives have been proposed. Only a few can be commented upon here.

Alternatives to (or Supplements to) the Property Tax.

Perceived deficiencies of the property tax have prompted suggestions of alternatives. Widespread familiarity with city finance in the United States has led to suggestions for city (general/retail) sales taxes. One common argument for a local sales tax is that the property tax is unresponsive to economic conditions; in particular, does not grow with the economy (and city costs). However, the evidence suggests otherwise. A study of Calgary demonstrated that the property tax base (market value) "...was not only responsive to, but overall exceeded, economic and population growth in the city."⁵ Also, between 1994 and 2011, and despite resistance to property tax increases, "...not only has the property tax base grown, but property tax revenues have kept pace with (actually grown faster than) the population and the economy."⁶ Given the success of the property tax in meeting municipal needs over decades, this result should not be surprising. A city sales tax would diversify city revenues but a) where used in the United States, property taxes normally dominate and b) as the financial crisis revealed to U.S. cities, sales tax revenues are not as stable as property taxes (an important consideration when cities, as in Canada, are not permitted to run deficits). Also, local sales taxes promote cross-border shopping and competition among municipalities for retail outlets. Finally, research that I have underway indicates that a greater reliance on local property taxes reduces urban sprawl. For example, it is estimated that relying entirely upon property taxes, as in Edmonton, reduces sprawl by 10 to 15 per cent compared to that in U.S. cities with other taxes generating about one-quarter of tax revenues.⁷

Property Transfer Tax. Taxes levied on the value of properties when sold have become more popular. Other than becoming a minor source of revenue that seems to generate limited opposition (probably due to it being imposed on few taxpayers at any time although imposing an eventual burden to all property owners), it has little merit. The transfer tax bears no relation to city services so has no justification on by benefits received criterion. Also, it encourages people

to delay selling their property and so interferes with and distorts economic choices.⁸

Taxes on Vehicles. Providing streets and roadways is a major cost to cities. In Edmonton, almost one-quarter of expenditures are roadway related. Essentially all of that cost is covered by property taxes. The vehicles and the occupants using those roads pay almost nothing to the city related to vehicle ownership or use. So, costs are being shifted from vehicle owners/users to property owners. I have calculated that if one-half of roadway costs were imposed on vehicle owners as an annual licence fee, property taxes could be reduced by approximately 30 per cent. Such a change would better match costs to benefits. In turn, it should be sufficient to affect behaviour, especially over time, and so reduce congestion, economize on roadway investment and reduce sprawl. Such charges have, however, proven quite unpopular (as in Toronto). Less onerous options are possible. New technologies have enabled convenient and non-disruptive electronic pricing of bridges, tunnels and some roadways and this appears to have become accepted in Australia.

CONCLUDING COMMENTS

City finances based on property taxes and user charges (and some grants) have proven relatively successful. Still, improvements could be made to enhance fairness and efficiency. New technologies expand the opportunities, particularly for user charges. Any changes, however, even the most appealing, have pros and cons and face challenges. ■

MELVILLE MCMILLAN PhD is Professor Emeritus of Economics and Fellow of the Institute for Public Economics at the University of Alberta. Post-retirement, he continues to pursue his interests in public economics and public finance.

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Using Land Value Capture Tools in Canadian Municipalities

BY DAVID AMBORSKI MSC, MA, MCIP, RPP

SUMMARY *As local governments in Canada have faced fiscal stress, they have looked for revenue sources beyond those on which they have traditionally relied. One of those applications that has recently received more attention is land value capture tools. The article discusses applications of a several of these tools in Canada, as well as identifying the analysis that should be undertaken to understand the impacts of the tools prior to applying them. Finally, some insights are provided for the future applications of these tools by local governments.*



RÉSUMÉ *Face à un stress financier, les gouvernements locaux du Canada ont cherché des sources de revenus au-delà de ceux sur lesquels ils ont toujours compté. Parmi les sources qui ont reçu de l'attention récemment, on compte les outils de capture de la valeur des terrains. L'article traite des applications de plusieurs de ces outils au Canada, ainsi que de l'analyse qui doit être entreprise pour comprendre les impacts des outils avant de les appliquer. Enfin, quelques idées sont fournies pour les applications futures de ces outils par les gouvernements locaux.*

Local governments in Canada have few revenue sources, being mainly limited to property tax, transfers from senior levels of government and user charge/other revenue. There is a need to find other revenue tools and sources that are permitted by the provincial legislation that exists in each province.

The use of land value capture tools has recently attracted attention internationally. In Canada, land value capture tools have been used to help finance public transit, mainly large cities such as Toronto, Vancouver and Montreal.^{1,2} When land values are increased due to public investments or decisions, or by market conditions, rather than by any activity or investment by the property owner, it is argued that these unearned increments or land value increases should be captured for public benefit.

Some of the best known tools that capture land value are Development (Cost) Charges, a variety of density bonus or bonus zoning tools, Tax Increment Financing tools, and the application of Public Private Partnerships or P3s.

DEVELOPMENT (COST) CHARGES

Development Charges are one-time payments made by new developers to finance offsite growth related capital costs. Although the primary objective of the tool is to pay for growth related capital costs, to the extent that the incidence of the charge may in part be capitalized into predevelopment land values, they do capture land value increases resulting from servicing land. Currently the charges in Ontario exceed \$80,000 per single family detached dwelling in some jurisdictions and they are the highest imposed in North America.³ The legislative basis for the application of these charges has been well established in provinces where they have a long history of being applied, such as Ontario and British Columbia.

DENSITY BONUSES

The basis of density bonuses or density zoning is that the developer obtains increased height and/or density in exchange for contributions used to finance public benefits. The developer contribution is in the form of cash, in-kind contributions, or a combination of both. In these cases the increased value created by the permission for increased density is in part captured to finance public benefits.

The best known current applications are in Ontario where the application is known as Section 37 contributions, which refers to the section of the *Ontario Planning Act*, and Community Amenity Agreements in British Columbia.

In both jurisdictions, the contributions can include affordable housing. This raises a question regarding a similar tool for affordable housing that is often related to density bonuses, Inclusionary Zoning. Inclusionary Zoning may be applied in two ways. One application is incentive based, like more general density bonuses where affordable housing is

provided in exchange for increased density. The second approach is mandatory, where all new development, or a specific type or size of development must provide a specified number or percentage of affordable units.⁴

TAX INCREMENT FINANCING

Tax Increment Financing (TIF) is a system in which the increased property tax revenues from new development in a specified area or district are used to finance infrastructure or community benefits for the area, including transit infrastructure. Generally, this tool requires the creation of a TIF district for which bonds are issued to pay for specified infrastructure within the district. The pre-infrastructure/new development assessment/tax base is identified, and any increases in assessment/tax revenue is earmarked and directed to pay for the bonds that have been issued. When the bonds are paid off, all property tax revenue is directed to municipal coffers. There may be a number of variations to this general approach.

In the past ten years, TIF legislation has been passed in Alberta, Ontario, and Manitoba. In Ontario, TIF gained profile as Mayor John Tory identified it as a prime funding tool for his SmartTrack proposal unveiled during his election campaign. TIF legislation has been in place in Ontario since 2006. Currently there are no regulations for the legislation and the tool has not been used to date.^{5,6}

Perhaps the best illustration of a TIF application is the Community Revitalization Levy which is a TIF-like tool used in Alberta. It was first used in 2007 in Calgary (Rivers District) followed by applications in Edmonton and Brandon. This application has proven to be very successful both in terms of the financial performance and in revitalizing an area of Calgary that was in need of improvements.⁷

PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships (P3s) may not be obvious in terms of being considered a land value capture tool. However, in special cases where government jurisdictions use land that they own, or have owned for some time, to lever public infrastructure or benefits, P3s are essentially used as a land value capture tool. These applications underscore the importance of the public ownership of land in assisting with land value capture benefits. There are several examples that can illustrate this application, the Toronto Community Housing Corporation (TCHC), the Toronto District School Board (TDSB), and the City of Ottawa.

TCHC has used the increased land value in its social housing portfolio to lever the rebuilding of its social housing units and to provide additional community benefits. In exchange for receiving land to construct market condominiums, the developer Daniels Corporation will rebuild all of the 2,083 social housing units and provide additional community facilities. This model has proven to be so successful that the approach is being replicated for other social housing projects in the TCHC portfolio. A second application is by the TDSB. In this case, excess land on the North Toronto Collegiate School site was provided by the school board for the developer, Tridel, to build market condominiums, in exchange for a significant contribution to rebuild the school on the site. The third application is by the City of Ottawa, which entered into a P3 to redevelop Lansdown Park with the inclusion of commercial and residential uses that will create revenues to help pay for the redevelopment.⁸

WHAT ANALYSIS NEEDS TO BE UNDERTAKEN IN APPLYING THE TOOLS?

Urban policy analysts and planners need to understand the impacts of land value capture tools prior to applying them in order to determine when, how and where they may be applied. This is important to the design of land value capture policies. Consequently, the urban analyst should have an understanding of land and housing markets, how to assess the “incidence” of these tools, and pro forma analysis.

Understanding the local land and housing markets is important for analysts to understand what the impacts of the tools will be, and whether the local market is conducive to the application of the various tools. This includes assessing the impact of the tool on housing affordability.

Each tool being considered has to be assessed in the context of local markets. It is important to determine who bears the burden of the tool. The original contribution will be made by the developer. However, they will try to shift the financial burden either back to previous land owners or forward to the final user of the land. The ability to shift the incidence will depend on market conditions and several other factors. Finally, understanding pro forma analysis is useful in both analyzing the impacts to the policies, and negotiating the contributions with developers. For example, in the City of Vancouver, the developers and the city work from a commonly agreed to pro forma for each development to negotiate the community amenity contribution.

WHAT OPPORTUNITIES EXIST FOR THE FUTURE?

Understanding that there are a range of tools that are available to municipalities to capture land value is only the first step for urban planners. It is also necessary to understand the impacts in the context of the existing

jurisdiction, and having the legislative policy framework available to implement effective and fair policy applications. Policy exists to apply a number of the currently applied tools but there is the need in some cases to improve existing policy frameworks. For example, with density bonusing, the recent Ontario legislation, *An Act to Amend the Development Charges Act, 1997, and the Planning Act*, did little to provide a policy framework for the application of Section 37 density bonuses. In British Columbia, there is also a need for provincial policy clarification for Community Amenity Contributions/density bonusing. Furthermore, Ontario needs to develop regulations for its TIF legislation to facilitate its application.

There are also some lost opportunities, and some emerging applications that need to be considered. For example, despite the existence of TIF legislation in Ontario, it was not used to help finance the York-Spadina transit expansion. There has been little use of public land leasing as a land value capture tool in Canada. Public agencies should not simply sell off land assets for short term gain to balance current budget, but they should consider public land leasing opportunities to generate revenue streams and capture longer run land value increases.

It is clear that in the Canadian context there have been many applications of land value capture tools, and there are other opportunities for land value capture that have not been applied. This suggests that there is both a need to better understand the tools that we are using to improve their application, and to take advantage of tools that have not yet been considered to be applied. ■

DAVID AMBORSKI is a professor in the School of Urban and Regional Planning. He is the founding Director of Ryerson's Centre for Urban Research and Land Development, and the Academic Director of Ryerson's City Building Institute. His teaching, research, and consulting interests are the interface between planning and economics, including the topic of municipal finance for planners, which is a course that he has been teaching for over 25 years.

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Missed Opportunity: Municipal Level Fuel Tax for Alberta

BY AMRITA SINGH PhD

SUMMARY Resource reliant municipalities in Alberta are at the epicentre of the Canadian economic downturn. The implementation of a carbon tax serves as a means to reduce greenhouse gas (GHG) emissions and drive economic growth via green capital projects. Control over the carbon tax lies completely with the province. This is associated with a number of inefficiencies, since so many funding decisions are carried out at the municipal level. Furthermore, local governments have no authority to redirect funds according to local priorities. The carbon tax in particular would lend itself well to local control. It would provide municipalities a means to raise revenues when property taxes are particularly vulnerable. Finally, the economic and political climate and low administrative costs make this the perfect time to transfer control of environmental taxes to municipalities.

RÉSUMÉ Les municipalités albertaines dépendantes des ressources sont à l'épicentre de la crise économique canadienne. La mise en œuvre d'une taxe sur le carbone sert à réduire les gaz à effet de serre (GES) et à stimuler la croissance économique par l'intermédiaire de projets d'investissement verts. Le contrôle de la taxe sur le carbone incombe entièrement à la province. Ceci est associé à un certain nombre d'inefficacités, puisque tant de décisions de financement sont effectuées au niveau municipal. La taxe carbone, en particulier se prêterait bien au contrôle local. Elle fournirait aux municipalités un moyen d'augmenter les recettes lorsque les impôts fonciers sont particulièrement vulnérables. En outre, le climat économique et politique et les coûts administratifs faibles rendent le moment idéal pour transférer aux municipalités le contrôle de les taxes environnementales.

The current economic crisis has severely impacted municipal revenue streams and property taxes are especially vulnerable. Resource-reliant municipalities in Alberta are at the epicentre of the Canadian economic downturn. Such financial woes have led to increasing debt, unemployment, and uncertainty. Nevertheless, the New Democratic Party (NDP) provincial government in Alberta has successfully implemented a carbon tax as a means to reduce greenhouse gas (GHG) emissions and drive economic growth via green capital projects.

At the onset of the 2008 recession, Rahm Emanuel, former chief of staff for the Obama administration and current mayor of Chicago, famously said, "You never want a serious crisis to go to waste." What he meant was that crisis provides opportunity to accomplish reforms that could not be done before. Reform, for the newly elected NDP government, has come in the form of a carbon tax. Beginning January 2017, Alberta will have a province-wide carbon tax in place. Similar to British Columbia's carbon tax, it will raise the cost of emitting greenhouse gases, thereby making it more expensive

to pollute. The carbon tax is projected to raise the costs of household consumption of gasoline by an average \$365 per year and heating costs by about \$230 per year.¹ Funds from the project will be earmarked for province approved capital projects.

Critics argue that increasing taxes during an economic downturn is especially perverse. Despite these criticisms, the victory of the Liberals at the federal level and the NDP in Alberta has led to the implementation of carbon pricing policies across provinces, suggesting that the Canadian



electorate, in a time of economic crisis, has made a surprising commitment to national emission reductions. Furthermore, the record low cost of energy (the average cost of gas per litre is near 1999 levels²) further reduces the cost of polluting, thus creating as good a time as any to raise taxes.

Furthermore, carbon pricing policies can also be classified as a *climate* or *green* financing tool, since it aims to simultaneously address climate concerns and the slumping Albertan economy through infrastructure projects. The carbon pricing policies do not, however, embrace

municipal autonomy. Instead, control over the carbon tax lies completely with the province, and thus is a missed opportunity to allow local governments control over a revenue source other than property values.

From a public finance position, finance tools, such as a carbon tax, are evaluated on the cost of administration, efficiency, fairness, *et cetera*.³ A municipal level, rather than a provincial level, carbon tax would be associated with low administration costs, and be a more efficient and fair way to finance public services. Most importantly, a municipal

NOT ONLY IS THE POLITICAL CLIMATE AND ECONOMIC CONDITIONS FOR SUCH A TAX OPTIMAL, THE ADMINISTRATIVE COSTS ASSOCIATED WITH MUNICIPAL CARBON TAX WOULD BE NEARLY ZERO.

level carbon tax would provide local governments an additional means to raise funds, putting less pressure on overcommitted property tax revenue.⁴

LOW COST

As mentioned above, the implementation of a carbon tax should be associated with low administrative costs. This means that the economic and time costs of administering carbon pricing should not outweigh the benefit of the resulting funds. Although the amount of revenues generated from carbon pricing are unknown at this point, the cost of transferring authority from a provincial to a municipal level tax would be nearly zero. As it currently stands, many taxes are collected at the provincial level, and then distributed to localities accordingly. For example, Alberta already has a fuel-tax-sharing agreement with Calgary and Edmonton. Each of the two cities receives approximately five cents per litre of fuel sold within municipal borders. These revenues come in the form of provincial grants for province-supported transportation infrastructure projects.⁵ Therefore, the only difference associated with the transfer of authority to local governments would be that they would maintain control over tax rates and the freedom to divert funds to locally supported projects, which should, in theory, reflect the priorities of the local constituency.

ECONOMIC EFFICIENCY

Alberta's carbon tax is lauded by economists as being an efficient alternative to binding regulations. The tax is essentially a user charge on GHG emissions, such that those who create more pay more. Likewise, those not polluting are not subsidizing polluters. Although the tax is seen as an efficient way of reducing GHG, the provincial control over the carbon tax is associated with a number of inefficiencies. The province has the authority to direct funds towards capital projects. There are several drawbacks associated with this,

the first being that the current framework incentivizes local governments to put revenue towards projects that are prioritized at the province instead of the state level. In other words, local governments will put money towards province-supported projects, which could encourage overspending in certain areas and underfunding of other important municipal priorities.⁶

FAIRNESS

In addition to criticism that carbon pricing raises taxes when families are at the most vulnerable, many argue that the new carbon tax is not revenue neutral, meaning that this increase in tax will not be offset by a reduction in other taxes. Conversely, in British Columbia, revenues from the carbon tax were used to reduce the income tax burden, thus creating a system in which more money comes from polluters and less comes from working families. The NDP government points out the majority of low to middle income households will receive rebates that will offset additional costs associated with the tax.⁷

With regards to fairness, the absence of municipal authority is particularly disconcerting since the burden of financing capital projects lies primarily with the municipality, yet the municipality has limited financing options as well as limited control over tax rate structures. For example, fuel taxes, particularly in Canada, are administered at the sub-national or the provincial level. Nevertheless, a great deal of costs associated with automobile usage is financed at the municipal level. In these cases, the municipality must use other sources of revenue such as property taxes. In this situation, locally collected funds are subsidizing non-local projects.⁸

PROBLEMS WITH CURRENT SYSTEM

Municipalities' lack of authority over tax rates and tax allocation is particularly troublesome during hard economic conditions, where flexible fiscal policies are a critical tool in



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the stabilization process. For example, studies show that in difficult economic times municipalities direct limited funds to operating budgets, which sustain a number of local jobs, instead of diverting funds towards capital projects, which typically receive higher priority during economic booms.⁹ Under the current structure, municipalities do not have the flexibility to redirect funds from capital projects towards other priorities.

Some argue that allowing municipalities control over carbon taxes would result in greater pricing differentials among jurisdictions. However, the impacts would not be any greater than those associated with property tax, and can ultimately encourage municipalities to tax rate lows and to use resulting funds efficiently.¹⁰

**HOW IT SHOULD BE
DONE IN ALBERTA**

Because local governments are most aware of citizens' needs and taste with regards to local services, as well as the costs associated with providing these services, municipalities should be allowed to set the new carbon tax and direct the funds according to the localities priorities, contingent upon voter approval.


A municipal carbon tax can be easily administered using the existing provincial-level carbon taxes collection methods, since it has the lowest administrative costs.¹¹ The province can then distribute the respective funds from the carbon tax accordingly, in the form of a no strings attached transfer.

The key result would be that the municipalities would have a means of raising revenue, control over the revenue, and the flexibility to direct towards departments and services that are most vulnerable to current economic conditions. The carbon pricing legislation, as it currently stands, sustains provincial control and prevents local governments, from efficiently allocating funds. ■

AMRITA SINGH PhD is an Assistant Professor in the Urban and Regional Planning Program at the University of Alberta.

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PPPs and the Financing of Cities

BY MATTI SIEMIATYCKI PhD

SUMMARY *This article examines how public-private partnerships (PPPs) are being used to finance and deliver large infrastructure projects in Canadian cities. It shows that in Canada, the primary rationale for using PPPs is not the prospect of tapping private capital sources to pay for public infrastructure. Rather, PPPs are being mainly used to spur innovation, improve asset management over the complete lifecycle of the project, and transfer key risks from government to the private sector partner. The article also identifies outstanding issues with PPPs that can challenge the public value of this project delivery model.*



RÉSUMÉ *Cet article examine comment les partenariats public-privé (PPP) sont utilisés pour financer et réaliser de grands projets d'infrastructure dans les villes canadiennes. Il montre qu'au Canada, la principale justification de l'utilisation des PPP n'est pas la perspective d'exploiter des sources de capitaux privés pour payer l'infrastructure publique. Au contraire, les PPP sont utilisés principalement pour stimuler l'innovation, améliorer la gestion des actifs au cours du cycle de vie complet du projet, et transférer les principaux risques du gouvernement au partenaire du secteur privé. L'article identifie également les questions en suspens avec les PPP qui peuvent remettre en question la valeur publique de ce modèle de réalisation de projet.*

Across Canada, public-private partnerships (PPPs) are becoming increasingly popular to deliver large urban infrastructure projects. PPPs are a procurement model that bundle some combination of project design, construction, financing, operation and maintenance into a single concession. In the past two decades, over 215 major public works projects with capital values typically in excess of \$50 million have been delivered through PPPs, or are currently in the planning process.

To date, provincial governments have undertaken the majority of Canadian PPP projects. Canadian municipalities are also turning to PPPs to deliver their biggest local infrastructure projects. PPPs are being used to deliver new light rail transit projects in Vancouver, Edmonton, Waterloo, Toronto, and Ottawa; highways and bridges in Calgary, Winnipeg and Montreal; new water and wastewater treatment plants in St. John and Regina; sports stadiums in Hamilton, Regina and Milton, Ontario; and a performing arts centre in Montreal. Together, provincial and municipal governments across the country have procured billions of dollars of critical urban infrastructure through PPPs and this makes them an important project delivery model for urban planners to understand.

SUCCESS FACTORS OF CANADIAN PPPS

Over the past decade, the success of Canadian PPPs has been widely trumpeted by their proponents. Canadian

PPPs delivered since the mid-2000s have had a strong reported record of on-budget delivery, bucking the trend of chronic cost overruns that typically beset infrastructure mega-projects. And, on projects approved in the past decade, there have been few forced contract renegotiations, government bailouts of PPP contractors or outright corporate bankruptcies, challenges that are common on PPP projects globally and result in significant unexpected costs being incurred by governments.

The success of recent approaches to PPPs in Canada can be attributed to the selection of PPP models that are designed to leverage the relative strengths of the public and private sector partners, and assign project risks to the party that is best able to manage them. This contrasts with PPP approaches that explicitly aim to reduce the role of government in project procurement and privatize infrastructure planning and delivery. To this end, Canadian PPPs generally have three defining features.



First, in Canadian PPPs government typically maintains a significant responsibility for identifying priority projects and determining performance specifications to meet the public interest. In many cases, government also retains ownership of the underlying asset. From this starting point, PPPs in Canada have not been applied as a one-size-fits all solution. Rather a wide range of models have been developed that are tailored to the characteristics of the specific project. Some Canadian PPPs are short-term arrangements where a contractor is engaged to design, build and finance the construction of a project, while others are long-term arrangements where facility design, construction, financing, operations and maintain are bundled into a single long-term concession that can last anywhere from 25 to 50 years.

Second, PPPs in Canada have not been widely used by cash-strapped governments as a way to raise new private money for infrastructure. Relatively few Canadian PPP projects include user fees that cover the entire capital and operating costs of the asset. Significantly, this includes

most rapid transit and affordable housing projects, two sectors that have been identified as urgent priorities by civic leaders. As such, Canadian PPPs are primarily being used as a financing tool rather than an approach to privately fund public infrastructure, as government is still responsible for directly repaying any private borrowing that exceeds user fee revenues. The upside in this arrangement, however, is that government maintains a high level of control over PPP asset service levels and the setting of service prices to meet the public interest, issues that have become flashpoints for conflict on PPPs where such decisions have been turned over to the private sector. The inclusion of private capital in Canadian PPPs is mainly used as a mechanism to ensure that the private sector partner has their own money at stake and is thus incentivized to meet their contractual obligations.

Third, since PPPs are not being widely used as a strategy to raise new private funding for public infrastructure, achieving value for money has been identified as the leading motivation for delivering PPPs in Canada over the past

CANADIAN PPPS ARE PRIMARILY BEING USED AS A FINANCING TOOL RATHER THAN AN APPROACH TO PRIVATELY FUND PUBLIC INFRASTRUCTURE, AS GOVERNMENT IS STILL RESPONSIBLE FOR DIRECTLY REPAYING ANY PRIVATE BORROWING THAT EXCEEDS USER FEE REVENUES.

decade. It is proposed that by more deeply engaging the private sector in all aspects of project delivery, value for money is accomplished through the realization of project innovations that save costs or improve the utility of the project; improved lifecycle management and maintenance of the asset; and most significantly, the transferring of project risks from government to the private sector. To date, Canadian governments have used PPPs primarily to transfer the risk of construction cost overruns and asset availability to the private sector partner, while retaining the risk that revenues or demand will not meet forecasted levels. By retaining demand and revenue risk governments have been able to focus on integrating new PPP assets into the surrounding urban landscape without being constrained by contractual restrictions designed to protect the revenue generating capacity of the private sector concessionaire. As such they have minimized a key source of tension between partners in international PPPs.

OUTSTANDING ISSUES WITH PPPS

Despite the success of recent PPPs in Canada, there are a number of outstanding issues for Canadian infrastructure project planners to be aware of. First, there are questions about whether PPPs actually deliver value for money relative to traditional project procurement. Delivering an infrastructure project through a PPP is like government buying an insurance policy against specific future risks. A cost premium of around 15 to 25 per cent is paid upfront by government on the price of delivering the project with the goal of ensuring that there are not unexpected expenses as the project proceeds. However, to date, there is little empirical evidence documenting whether governments are paying too high an upfront cost premium to transfer project risks to the private sector. Moreover, recent PPPs have not been immune to significant contract management challenges. Currently there is an ongoing legal dispute between the government owner and concessionaire that built the new McGill University Health Centre over hundreds of millions of dollars spent to prevent delays completing the \$1.3 billion superhospital. And construction delays have been a feature of numerous recent PPPs in the transportation sector across the country, though the cost paid by government has tended not to escalate on these projects.

Second, PPPs typically require a high level of confidentiality of key information during project planning,

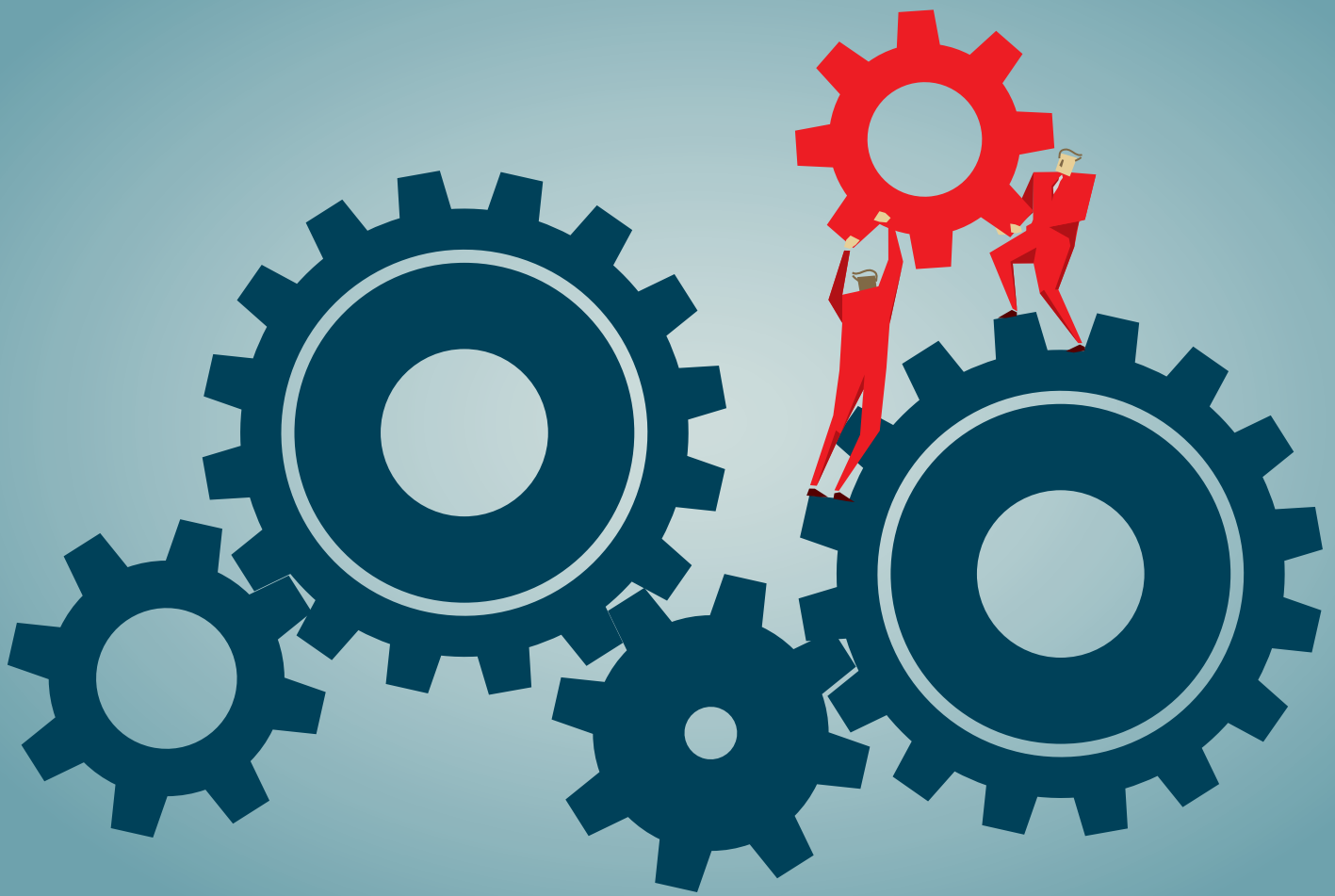
and this can challenge meaningful public engagement in project decision-making. Third, innovations on PPPs have often focused on measures that save project costs such as optimized construction means and methods and material choices, but these have sometimes come at the expense of the public benefit of the project. In the case of the Canada Line rapid transit project in Vancouver, for instance, the private sector bidder that won the contract identified a “cut and cover” construction method for part of the project that saved millions of dollars. But this construction approach was far more disruptive on road traffic and the surrounding businesses than alternative deep bore tunneling methods.

Fourth, the architecture and design on infrastructure delivered through PPPs has often been decidedly average rather than audacious and inspiring. This can limit the effectiveness of public infrastructure as a vehicle for building great cities. Fifth, PPPs that include a long-term operations and maintenance concession have often been accompanied by a loss of flexibility for government to make changes to the asset without incurring large contract penalties, regardless of shifting community needs or the advent of new unforeseen technologies. Finally, in some jurisdictions PPPs have been presented as the only game in town, with governments only providing funds for critical projects if they are delivered through PPPs. This is problematic because PPPs may deliver value for some projects but not others, and the choice of procurement model should be based on a project-by-project assessment.

CONCLUSION

In sum, PPPs are one tool in the toolbox for delivering large, complex urban infrastructure projects. The key to success is identifying the circumstances in which PPPs provide greater public benefit than other procurement alternatives, and then selecting the PPP model that is best suited for the specific project. As more Canadian urban infrastructure PPPs move through from project conceptualization and construction to service operations, there is a growing evidence base upon which to learn lessons from past experience, and inform the next generation of project delivery. ■

MATTI SIEMIATYCKI, PhD is associate professor of geography and planning at the University of Toronto.



Funding Mechanisms for Building Transit in Ontario

BY CRAIG BINNING MPhil AND JACLYN HALL, BURPI

SUMMARY Ontario municipalities have long argued that they do not have the fiscal capacity, or fiscal tools, available to construct and operate transit infrastructure necessary to achieve planning goals and objectives. This article will examine recent legislative trends and actions of the senior levels of government that are intended to support funding transit initiatives including; the recent amendments to the Development Charges Act, the role of Metrolinx, and the expectation of increased federal funding for urban transit systems. Drawing on examples from municipalities across Ontario, the article will examine the potential impact of these changes on the funding of transit infrastructure and ongoing operating costs.

\$ RÉSUMÉ Les municipalités ontariennes ont longtemps soutenu qu'elles ne possèdent pas la capacité fiscale ou les outils fiscaux nécessaires pour construire et exploiter l'infrastructure de transit utile à l'atteinte des buts et objectifs de planification. Cet article examine les tendances et les actions des niveaux supérieurs de gouvernement qui sont destinées à soutenir les initiatives de financement du transport en commun, y compris les récentes modifications apportées à la Loi sur les redevances d'exploitation, le rôle de Metrolinx, et l'attente d'un financement fédéral accru pour les systèmes de transport urbain. Citant des exemples de municipalités de l'Ontario, l'article examine l'impact potentiel de ces changements sur le financement des infrastructures de transport en commun et leurs coûts d'exploitation.

By 2041, the population of the Greater Toronto Area and Hamilton (GTAH) is expected to grow by over 3 million persons, of which 40 per cent must be accommodated through intensification.¹ It is generally agreed that achieving these aspirational planning goals will require increased levels of transit services and, in many circumstances, the enhancement or introduction of higher order transit, such as subways and light rail transit (LRTs) systems.

Ontario municipalities have long argued that they do not have the fiscal capacity, or fiscal tools, available to construct and operate the transit infrastructure necessary to achieve these planning goals. However, recent legislative changes, coupled with long-term funding commitments from upper levels of government, are providing potential revenues that will allow municipalities to expand and operate transit infrastructure. Often, the focus of major transit infrastructure projects is funding the significant capital cost of expanding transit. However, it is also important to understand the operating costs in relation to full lifecycle costing. This article elaborates on four sources of transit funding available to municipalities: development charges, provincial and federal grants, tripartite funding arrangements and the fare box.

Development charges are an important funding tool available to municipalities to help pay for development-related infrastructure. Recent amendments to the *Development Charges Act (DCA)* have changed the way that development charges for transit services are calculated, allowing municipalities to recover additional development-related transit capital costs. Informed by consultation with municipalities, industry professionals and developer groups, the *DCA* now allows for transit services to be calculated based on a *future* level of service. This change is particularly important for municipalities that have little to no existing transit infrastructure, as the *DCA* previously restricted the development charge calculation to a 10-year historical average service level. In addition, transit services are no longer subject to the 10 per cent capital cost reduction, thus allowing the total eligible capital costs to be recovered through the development charge rates.

The Region of Waterloo is currently in the process of amending its transit development charge to incorporate a comprehensive higher order transit system known as ION that will provide transit connections across the tri-city area. In total, the project is estimated to cost \$818 million and will ultimately create a 36 kilometre transit corridor and the addition of 22 new stations.² Under the new changes to the *DCA*, funding for higher order transit projects such as a LRT and BRT systems will increase the amount of capital costs that could be

recovered by municipalities and help elevate the pressure to rely on funding from the existing property tax base.

Aside from development charges, municipalities also receive funding from the provincial and federal levels of government for transit infrastructure. In 2013, municipalities across Ontario spent approximately \$5.4 billion on transit, with approximately \$1.5 billion of that cost relating to capital expenditures.³ Since 2004, the role of the provincial government in Ontario has been to provide additional funding to municipalities through the Gas Tax program. Currently, two cents per litre of provincial gas tax revenues are distributed to municipalities to develop public transit. The federal government also taxes gasoline and diesel and distributes funding to the territories and provinces for the development of infrastructure projects including public transit. Arguably, ongoing federal and provincial funding commitments for transit infrastructure has enabled much of the recent construction across the province and in particular, the GTAH. In 2015, the Province of Ontario announced over \$332 million in Gas Tax funding for transit, an increase of \$11.4 million since 2014. As shown in Figure 1, Gas Tax funding is provided to 95 municipalities, the highest amount being allocated to the City of Toronto at \$169 million. In recent years, pressure to provide lasting, sustainable investment in transit has made the Gas Tax funding permanent at both the federal and provincial levels of government.

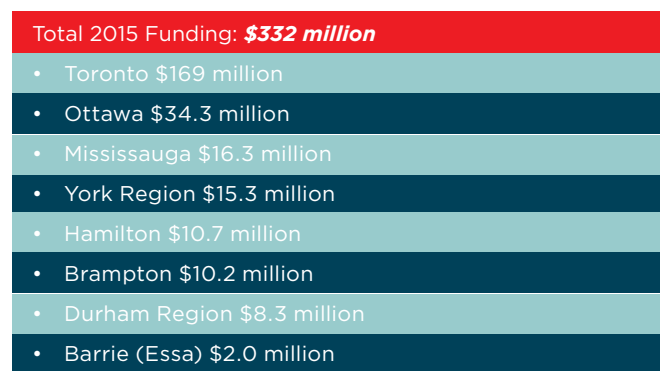


FIGURE 1: 2015 PROVINCIAL GAS TAX FUNDING BY SELECT MUNICIPALITIES

INFORMED BY CONSULTATION WITH MUNICIPALITIES, INDUSTRY PROFESSIONALS AND DEVELOPER GROUPS, THE *DEVELOPMENT CHARGES ACT* NOW ALLOWS FOR TRANSIT SERVICES TO BE CALCULATED BASED ON A *FUTURE* LEVEL OF SERVICE.

At the regional GTAH level, Metrolinx plays a critical role in ensuring that transit connections are established so people can move efficiently across the region. As an agency of the Government of Ontario, Metrolinx is responsible for providing strategic planning, development and the coordination of major projects such as GO Transit and other initiatives including higher-order, grade separated rapid transit services. Although the strategic planning of projects is important to achieving the objectives of Metrolinx, the funding of projects is also critical when determining the viable transit priorities. Often, major transit infrastructure projects require funding contributions from the federal, provincial and local governments. As shown in Figure 2, the traditional funding arrangement used in Ontario and through much of Canada is a 33:33:33 split. The Toronto-York Spadina Subway Extension (TYSSE), which will connect the City of Toronto with the City of Vaughan and the greater Region of York, is an example of a project that requires a similar funding structure. In total, the project is estimated to cost \$2.6 billion with approximately 66 per cent being funded at the federal and provincial level. The remaining 33 per cent is to be funded by the City of Toronto and the Region of York based on the recognition of geographical boundaries and the sharing of common costs. As part of the agreement with York Region, the City of Toronto and the Toronto Transit Commission (TTC) is to assume full responsibility for the ongoing operating and maintenance costs once constructed. At this time, these costs are not well known. Importantly, recent Federal budgets suggest that Federal funding for key

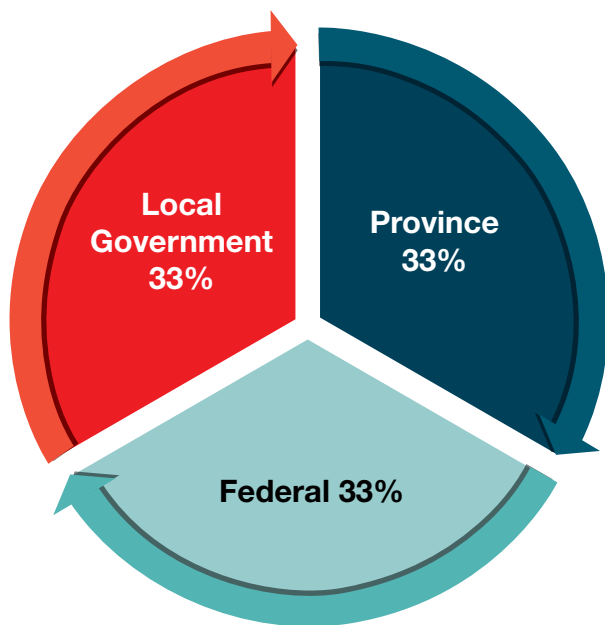


FIGURE 2: TRANSIT PROJECT FUNDING ARRANGEMENTS

transit projects may increase to as much as 50 per cent – a testament to the importance of delivering transit services.

Currently, Metrolinx has over 200 projects underway across the region with more than \$16 billion committed in transit. With an unprecedented amount of transit infrastructure being developed in municipalities across

Ontario, it is important that we understand the fiscal implications. The ability to fund additional transit infrastructure through legislative changes to the *DCA*, secured long-term funding investment from upper levels of government and with the assistance of Metrolinx, means that funding mechanisms such as the property tax base, public-private-partnerships and the strategic use of long-term debt as a financing tool should be examined.

As the amount of transit infrastructure increases, so will the need for municipalities to take on greater operating and maintenance costs over the lifecycle of these assets. At present, the most common funding source for operating expenditures is revenue generated by transit fares. Metrolinx, in its *2015-2020 Five Year Investment Strategy*, has already identified concerns with the ability to fund operating costs that cannot be recovered through fare revenues. The strategy now includes for an examination of adequate and predictable revenue sources but has not formally identified any recommendations. The lack of identified funding tools provides a challenge at the municipal level as property taxes are often heavily relied upon to address funding gaps in operating and capital budgets. Nonetheless, at the local government level, there is a now a requirement to identify how the ongoing maintenance and repair of transit infrastructure will be funded. The new changes to the *DCA* now require that municipalities undertake a formal asset management plan to ensure that the development-related transit capital projects are sustainable over their full lifecycle. Through this requirement, municipalities will need to identify revenue sources and address how funding gaps will be mitigated.

Ultimately, Ontario is entering into an era where planning and delivering transit services are seen as a priority by all levels of government. While this is an important step to ensure that the transit needs of increased population and employment growth is met, a comprehensive evaluation of the transit benefits and costs, including long-term fiscal impacts, needs to be examined and understood to ensure that transit services is properly planned for and delivered. Achieving these aspirational planning goals and transit objectives will require concerted, cooperative efforts of all levels of government, the development industry, transit users, property tax payers and the tax payer in general. ■

CRAIG BINNING is Partner of the Municipal Finance practice at Hemson Consulting and has more than 25 years of professional consulting experience. He holds an MPhil degree in Political Economics from the University of Glasgow and a BA in Economics from Queen's University.

JACLYN HALL is a Consultant at Hemson Consulting and holds a degree in Urban and Regional Planning from Ryerson University.

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How a Financing Tool Accelerated EDMONTON'S DOWNTOWN DEVELOPMENT

BY HEATHER CHISHOLM MSC, RPP, MCIP
AND TOM BECK MSCPL, RPP, MCIP



©Ice District in Downtown Edmonton, Courtesy of Ice District



SUMMARY *In the first decade of the 21st century, Downtown Edmonton received only 1.8 per cent of the City's capital investment dollars. In addition to a lack of public funding, Downtown also faced a lack of private investment. After decades of neglect and negative growth, there is a renewed interest in Downtown Edmonton. This surge in development is being financed in part through an innovative financing solution called a Community Revitalization Levy. This financing tool should provide stable funding for up to 20 years as the City works with its many partners to bring life back to the core.*

RÉSUMÉ *Dans la première décennie du XXIe siècle, le centre-ville d'Edmonton a reçu seulement 1,8 pour cent des dollars d'investissement en capital de la Ville. En plus d'un manque de financement public, le centre-ville a également fait face à un manque d'investissements privés. Après des décennies de négligence et de croissance négative, on s'intéresse à nouveau au centre-ville d'Edmonton. Cette poussée de développement est financée en partie grâce à une solution de financement innovante appelée un prélèvement de revitalisation communautaire. Cet outil fournira un financement stable pour une vingtaine d'années pendant que la ville travaille avec ses nombreux partenaires pour redonner vie au centre-ville.*

The most difficult part of growing a city is finding the money to do it.

This was certainly the case in Edmonton. An infrastructure deficit, compounded by rapid growth, meant many areas of the city needed work. In the last decade, Edmonton's population grew by 23 per cent, with most people moving to the suburbs.

The pressure to meet the demands of suburban growth made it difficult to fund projects in the City's core. From 2004 to 2012, downtown Edmonton only received 1.8 per cent of the City's capital investment dollars. Private investment followed people to the suburbs as new homes, shopping malls, and office spaces were developed.

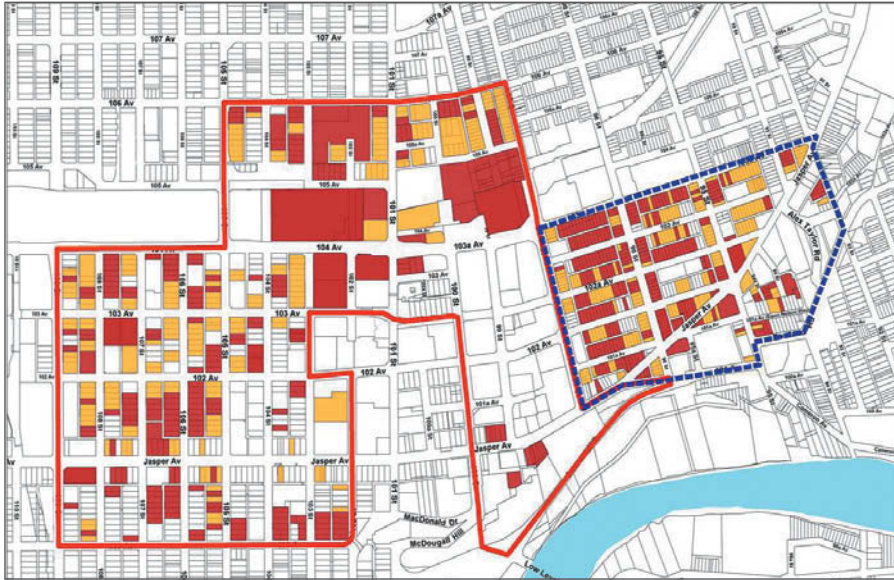
City planners knew downtown needed help. Decades of negative growth had led to high vacancy rates and increased crime resulting in a blighted environment. The City did make some investments prior to 2010, including streetscaping improvements, housing incentives, and a new concert hall. Although these actions drew more people to the downtown, growth was slow and securing capital dollars for downtown projects was difficult. This changed dramatically once the City harnessed the potential of a financing tool called a Community Revitalization Levy (CRL), which is similar to Tax Increment Financing (TIF) used in the United States.

The legislation for CRLs and TIFs vary by province and by state, but the basic premise is the same: municipalities identify an area in need of revitalization with the expectation that borrowing funds to enhance infrastructure will attract private investment to the area. The tax lift from the new development is then used to pay the cost of borrowing.

In just a few years, the promise of infrastructure investment has spurred a massive transformation in Edmonton's core, with \$5 billion of construction either underway or planned to begin before 2020.

HOW PLANNERS ARE USING THE CRL FOR CHANGE IN ALBERTA

Since their inclusion into the *Municipal Government Act* in 2005, five levies have been approved by the Province of Alberta: three in Edmonton, one in Calgary, and one in Cochrane.



The red colour on the map indicates vacant parcels while the yellow indicates underutilized (two storeys or less) parcels. As of 2013, more than 50 per cent of the land within the Capital City Downtown CRL boundary and The Quarters Downtown Plan boundary fell into one of the two categories (vacant or underutilized).

Calgary Municipal Land Corporation (CMLC) was formed by the City of Calgary to implement the Rivers District Revitalization Plan. A CRL was created specifically to ensure CMLC could fulfil the Rivers District project's ambitious economic, social, and environmental objectives for an area within the district known as East Village. Approved in 2006, this CRL is now at the halfway point of its 20-year life. Since 2007, CMLC has committed approximately \$357 million to East Village infrastructure and development programs.¹ This in turn has attracted \$2.4 billion of planned development that is expected to deliver \$725 million of

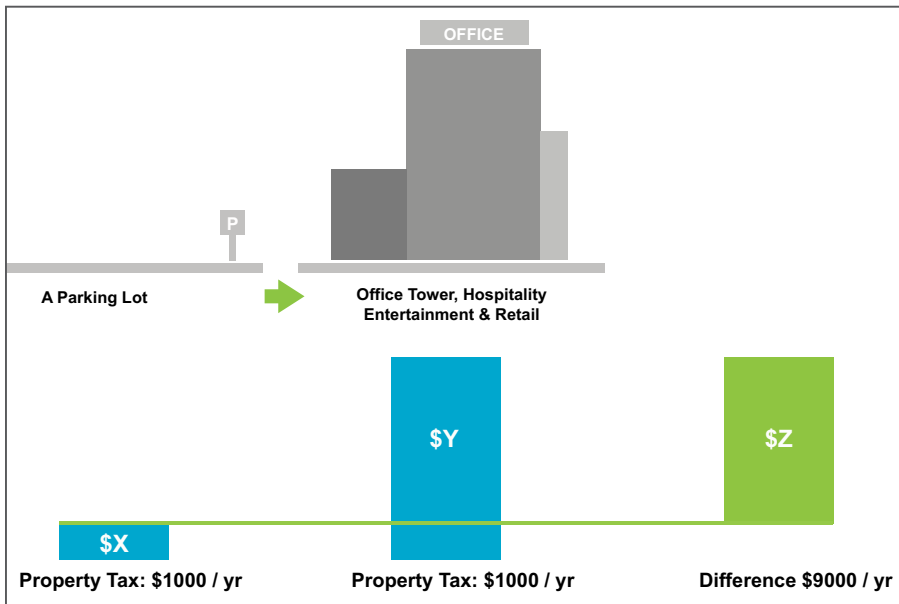
CRL revenues.² With approximately 2,500 residents living in the area and 3,500 residential units planned to be completed over the next 10 years, the population of East Village is expected to be over 11,000 once build out is completed.³

In Edmonton, momentum began with the approval of two Area Redevelopment Plans - The Quarters Downtown Plan and The Capital City Downtown Plan - approved by City Council in 2009 and 2010, respectively.⁴ Both plans identified a vision, strategic partnerships, investment opportunities, and the opportunity to fund infrastructure improvements through a CRL.

The first step to develop a CRL is to prepare a Community Revitalization Plan that identifies the CRL boundary and the catalyst projects that will be funded through the CRL. The CRL Plan and municipal bylaw are then presented to municipal council through a public hearing process. Once the CRL Bylaw and Plan are passed by council, the Province reviews and approves the bylaw.

The Quarters Downtown CRL Plan Bylaw was approved by the Province in 2011 and the Capital City Downtown CRL Bylaw was approved in 2014. CRLs are active for 20 years in the Province of Alberta.

The baseline property tax assessment for each property within the CRL boundary is set as of December 31st of the year the CRL is approved. The property taxes levied against the baseline amount continue to fund municipal and provincial services and facilities. If the assessed value of a property increases beyond the established baseline, the municipal property taxes and provincial education taxes above the baseline are segregated into a separate CRL fund. For example, if a surface parking lot assessed at \$3 million is redeveloped into a residential tower valued at \$50 million, property taxes paid on the \$47 million increase are dedicated to funding CRL projects, while taxes paid on the original \$3 million portion flow into general revenues. Any interest earned on the CRL fund will be used to cover CRL-related expenditures.



An explanation of how the CRL works - As properties are redeveloped, the "lift" that is generated is captured in the segregated CRL fund that goes to paying for CRL catalyst projects as determined by the approved Plans.

Edmonton's CRLs at a Glance

The Downtown CRL Year 1: 2015	The Quarters Downtown CRL Year 1: 2012
Anticipated Revenue (as of December 2015): \$984 million	Anticipated Revenue (as of December 2015): \$183 million
Approved municipal investment: \$316 million	Approved municipal investment: \$100 million
Rogers Place and Downtown Community Rink, opening September 2016	Utility upgrades – Separation of combined sewer system in trunk sewer capacity to accommodate an increase in density
Alex Decoteau Park, construction begins 2016	“Green street” pilot project making a pedestrian/active transportation a priority that uses features such as stormwater recycling and soil cell systems for trees, opening 2016
Drainage upgrades	Street beautification throughout The Quarters Downtown with flower barrel program
1,300 residential units built and 1,700 additional residential units in the planning process	Hyatt Place Hotel - First hotel to be built in downtown Edmonton in the last 30 years (fall 2016)
1.8 million square feet of office space under construction	Park development - public consultation beginning in spring 2016

Courtesy City of Edmonton

Edmonton's CRL Plans include catalyst projects that were chosen to stimulate a breadth of activities:

- Rogers Place – an NHL arena to attract millions of event-goers annually to the core
- Upgrading drainage systems to grow capacity for future growth
- Streetscaping to make areas more pedestrian-friendly and attractive to retail
- New parks and a housing incentive to attract more residents to the area

REVITALIZATION LEVIES AT WORK IN CANADA

Community Revitalization Levies or Tax Increment Financing, as it is often referred, have not been widely used in Canada. Though Ontario passed legislation to enable the use of a TIF under the *Tax Increment Financing Act* in 2006,⁵ the regulations prescribing the use of TIFs have not been established between the Province and the municipalities.⁶ The City of Toronto is considering applying a TIF to finance the City's share of a proposed surface rail transit line, SmartTrack.⁷ The transit proposal options are still being explored, with the recommended concept scheduled to be presented to the City's Executive Committee and Metrolinx Board in June 2016.⁸

Since 2002, all Manitoba municipalities have had broad enabling powers under *The City of Winnipeg Charter* and *The Municipal Act* to establish TIF programs in designated areas for the purpose of encouraging investment or development.⁹ Municipalities may designate individual properties or zones and capture some or all of the incremental municipal taxes to provide financial assistance to individuals investing or constructing, fund assistance programs, or support capital or operating costs of the municipality that benefit the area.¹⁰

In 2009, the Province of Manitoba expanded the use of TIF under *The Community Revitalization Tax Increment Financing Act*.¹¹ The Province can designate specific properties as Community Revitalization (CR) or TIF Properties for up to 25 years where significant improvements are to occur and where it is in the public interest that the improvements be made. The *Act* and provincial policy guide the use of provincial TIF.

The City of Winnipeg has successfully applied the TIF model to spur downtown revitalization in partnership with its downtown development agency, CentreVenture, and the Province. TIF is being used to develop an 11-block area between the MTS Centre and the Winnipeg Convention Centre into a mixed-use

sports, hospitality, and entertainment district that will include a new hotel, residential towers, and improvements to the public realm.¹² The City of Winnipeg and the Province have invested over \$50 million in downtown incentives that have in turn leveraged over \$700 million in private investment.¹³ To date, 1,611 residential units have been approved for funding, with an additional 799 residential units anticipated.¹⁴

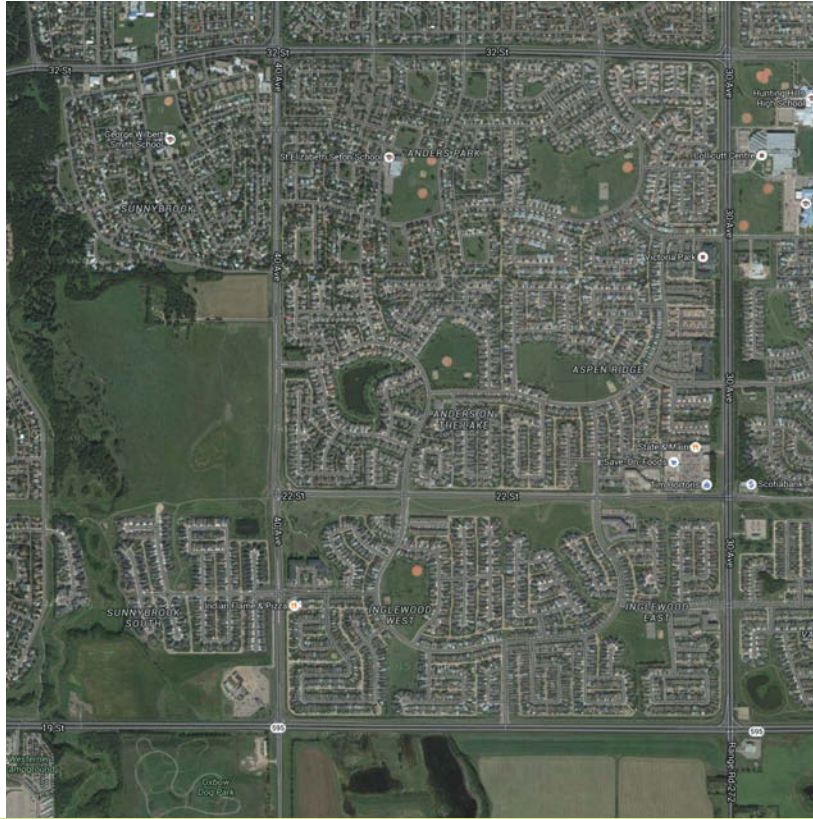
REALIZING THE BENEFITS AND ACKNOWLEDGING THE CHALLENGES

The City of Edmonton started investing in infrastructure made possible as a result of the CRL, and private industry has followed. The skyline is changing with new hotels, condos, and office towers being built, while the street level is active with new restaurants and other retail. The core was slowly growing prior to the adoption of the CRL, but now that the City has a focused strategy and the CRL funds to invest, Edmonton is experiencing an unprecedented growth in the downtown.

All of this investment means more people living, working, playing, and learning downtown. In total, there is 167,000 m² (1.8 million square feet) of office space and 1,500 residential units

continued on page 49

Figure 1: Suburban Sprawl versus Urban Infill



INTEGRATING LAND USE PLANNING

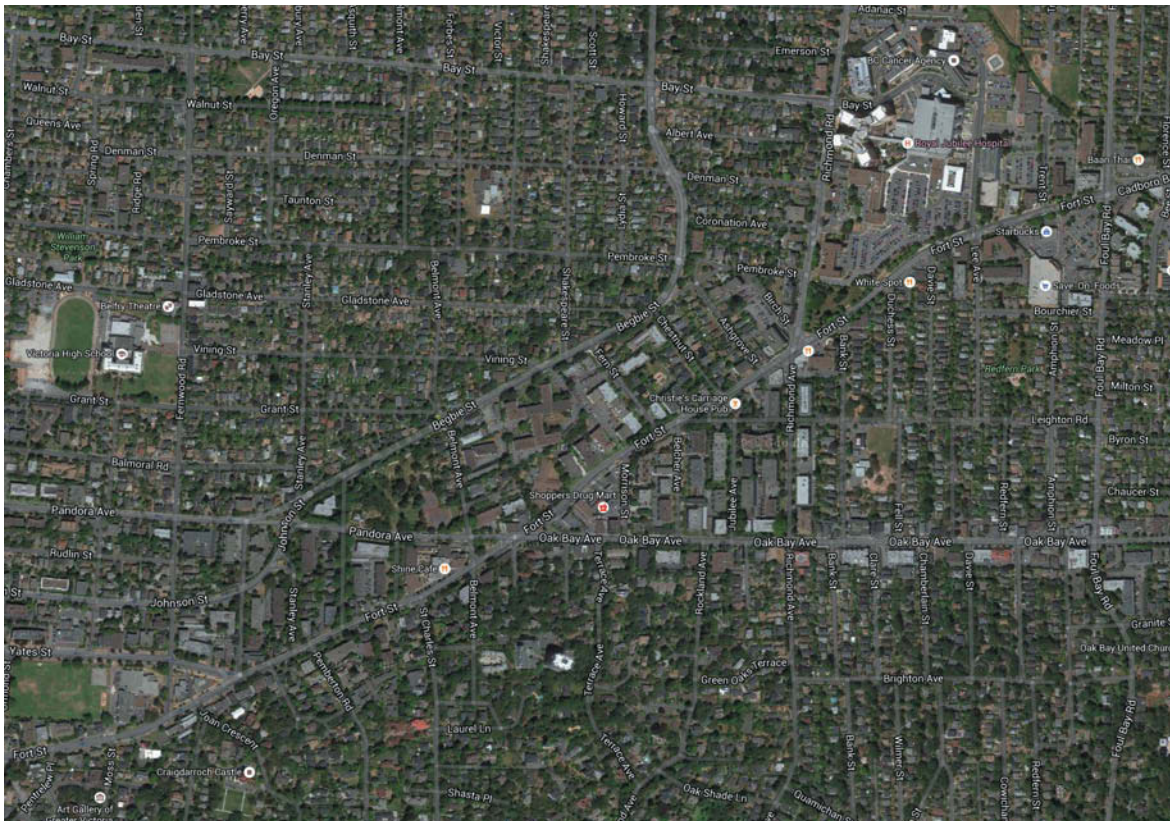
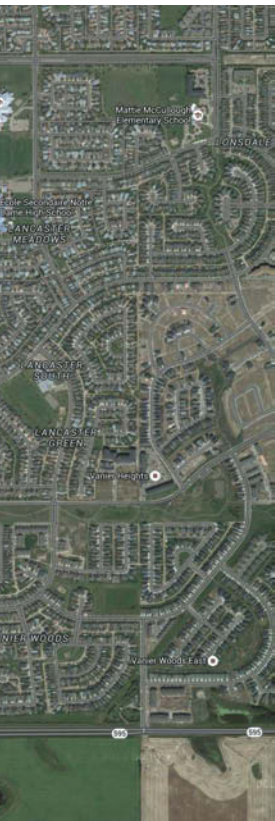
AND DEVELOPMENT FINANCE TO IMPROVE LOCAL GOVERNMENT SUSTAINABILITY

BY KIM FOWLER MCIP, RPP

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SUMMARY *Smart Growth, Sustainable Development, Complete Communities and New Urbanism concepts encourage and regulate higher density, mixed use and infill over greenfield development. Recent research and review, however, shows the predominant land development form is still lower density, greenfield over higher density and infill, leading to suburban sprawl. The missing link is understanding the impact of local government financial policy and regulatory decisions, which currently favour suburban sprawl. Key for planners is to undertake local government financial impact analyses on different land use options.*

RÉSUMÉ *La croissance intelligente, le développement durable, les communautés complètes et le concept de nouvel urbanisme promeuvent l'aménagement mixte à haute densité de même que l'édification sur terrain intercalaire. Des recherches et examens récents, cependant, montrent que la forme de développement prédominante est encore celle de plus faible densité, dans les zones vertes, ce qui conduit à l'étalement urbain. Le chaînon manquant est la compréhension de l'impact de la politique fiscale municipale et des décisions réglementaires qui favorisent actuellement l'étalement urbain. Il est essentiel pour les urbanistes de procéder à des analyses d'impact financier des différentes options d'aménagement du territoire.*



SOURCE: GOOGLE MAPS, FEBRUARY 26, 2016

Smart Growth, Sustainable Development, Complete Communities and New Urbanism concept have directed many local government land use plans in Canada to encourage and regulate higher density, mixed use and infill over greenfield development. Recent research and review, however, shows the predominant land development form is still lower density, greenfield over higher density and infill, and Canadian metropolitan areas continue to be dominated by suburban sprawl (Figure 1).¹ Sprawl is predominantly low density segregated (single-use), automobile-dependent development around urban fringes.²

Compared with smart growth, sprawl typically increases per capita land consumption 60–80 per cent and motor vehicle travel by 20 to 60 per cent.³ Further, it reduces agglomeration efficiencies, drastically increasing infrastructure costs up to three times more than smart growth neighbourhoods.⁴ And the majority of the infrastructure cost is borne by local governments for its installation, maintenance and replacement. In a comprehensive study of growth in major Canadian metropolitan areas, based on 2006–2011 Census data, Gordon and Shirokoff found the following:

- 66 per cent of the population in Canada lives in some form of suburb.
- 90 per cent of the Census Metropolitan Area population growth was in auto suburbs and exurbs leaving only 10

per cent in more sustainable active cores and transit suburbs.

- Almost half or 16 of the 33 Census Metropolitan Area had decreases in their core area populations.
- In comparison with their original research of 1996–2001 Census data, Canada became even more suburban from 2006–2011.⁵

COMPARISON OF SPRAWL VERSUS SMART GROWTH ATTRIBUTES

A clear indication of this unsustainable growth is the estimated \$200 billion local government infrastructure deficit in Canada, which is increasing at least \$5 billion per year.⁶ Local governments only receive 8 cents on the

Figure 2: Developer Paid Assets

City Funded Assets¹³

Infrastructure Type	Quantity	Cost (2012 Dollars)	Infrastructure Type	Quantity	Cost (2012 Dollars)
Local Road (Lane km)	243	\$170,100,000	Transit Facilities (#)	2	\$11,000,000
Collector Road (Lane km)	74	\$66,400,000	Police Stations (#)	1	\$35,000,000
Arterial Road (Lane KM)	105	\$145,000,000	Libraries (#)	1	\$20,300,000
Local Storm Sewer (km)	150	\$308,400,000	Recreation Facilities (#)	1	\$100,000,000
Local Sanitary Sewer (km)	150	\$112,800,000	Parks (ha)	111	\$21,800,000
Service Connections (#)	24,303	\$216,100,000	Fire Stations (#)	2	\$26,300,000
Collector & Trunk Storm Sewers, Outfalls Stations (#)		\$205,300,000	Flyovers (#)	2	\$100,000,000
Trunk Sanitary Sewer		\$15,600,000	Service Interchanges (#)	4	\$400,000,000
Stormwater Management Facilities (#)	34	\$327,800,000	Arterial Road Widening (km)	5	\$40,000,000
Storm/San Misc	N/A	\$76,100,000	Buses (#)	91	\$49,100,000
Total		\$1,643,600,000	Waste Collection		\$30,800,000
			Total		\$834,300,000

tax dollar (the provinces get 42 cents and the federal government gets 50 cents) while owning 60 per cent of the infrastructure in Canada.⁷ The 2016 *Canadian Infrastructure Report Card* estimated the total value of core local government infrastructure assets to be \$1.1 trillion dollars, or about \$80,000 per Canadian household.⁸

Why are local governments failing to achieve sustainable development and falling even deeper into significant financial deficit? The answers are not solely in local government land use, but rather its lack of integration with local government finance. The problem is succinctly summarized by Dr. Enid Slack:

Whether one favours or opposes sprawl, it is important that residents and businesses who enjoy its benefits be aware of all of the costs associated with it and be required to pay them.⁹

If land development is more expensive because it uses more land, demands more services and causes more environmental and social degradation, it should pay a higher rate. Unfortunately, many local governments subsidize low density sprawl over higher density and infill development in four key areas of infrastructure outlined below: road subsidies, failure to cost recover new growth, use of flat or uniform development charges, and failure to use asset management plans.

Road Subsidies: Use of most roads in Canada is free and subsidized heavily by government to almost \$29 billion per year – more than spent on all other transportation modes combined (transit, rail, air, marine) – and four times that of transit alone.¹⁰ This enables daily long-distance commuting and the sprawling distances less viable for transit. Environmental and social externalities are also not included in the financial costs, such as GHG emissions, smog,

traffic congestion delays, noise and collision damages and injury. Estimates of these costs range upwards of \$27 billion per year.¹¹ Parking is often free in suburban malls, which greatly influences shopping preference over paid parking in urban cores. When the savings of reducing car ownership and operation is included in housing cost, inner city options become more viable and more preferable by an increasing number of urban residents.¹²

While many of the subsidies are for provincial and federal roads, local government road standards are also to blame. Up to 20 per cent of land use in some communities is for roads. Bigger is better is wider is safer is a myth, and it's killing our communities environmentally, socially and financially. Road maintenance and emergency vehicle equipment can be reduced in operable size and still provide expected service levels. And perhaps consider dedicating a lane for bicycles on a few of those four-lane monster collector and arterial roads.

Failure to cost recover new growth: Suburban sprawl requires new infrastructure, which incurs local government capital spending. Most provinces enable local governments to partially cost recover new infrastructure demands through development cost charges or offsite levies. If calculated on an area basis, most infrastructure costs for installing roads, sanitary sewer, storm sewer and potable water lines, and some park acquisition, can be recovered. Local governments have not, however, been granted authority to cost recover for all new infrastructure required to service new development, such as fire and ambulance halls, police stations or libraries and recreation facilities. Further, the cost of staffing, operating and replacing these functions must be entirely borne by the existing tax base (regardless if a neighbourhood is served by them).

A CLEAR INDICATION OF THIS UNSUSTAINABLE GROWTH IS THE ESTIMATED \$200 BILLION LOCAL GOVERNMENT INFRASTRUCTURE DEFICIT IN CANADA, WHICH IS INCREASING AT LEAST \$5 BILLION PER YEAR.

The City of Edmonton undertakes infrastructure and servicing costing of new development through a specialized tool called Growth Impact. It analyses the City's fiscal impact of new infrastructure within its growth boundary (suburban) at the neighbourhood level. Figure 2 shows the City only cost recovers two-thirds of the asset costs in this new suburban development. This leaves the existing tax base to cover the costs, particularly in the early stages of new development when tax assessments and revenue are low until build-out occurs.

As noted by Wally Wells, Executive Director of Asset Management BC, when a developer provides new infrastructure as part of a development through a charge or levy, the community assumes all further costs. On average 20 per cent of the life cycle cost of an asset is capital, so a new asset provided at no cost initially to a local government actually imposes an 80 per cent total asset cost on the existing tax base. The cost varies based on the asset, but 20/80 is an average used.¹⁴ Property taxes from new development will contribute to the cost recovery, which will increase over time to full build-out, but it does not pay for itself. Most residents and taxpayers are not aware of this, so local government officials, including planners, should include this information in their community dialogues.

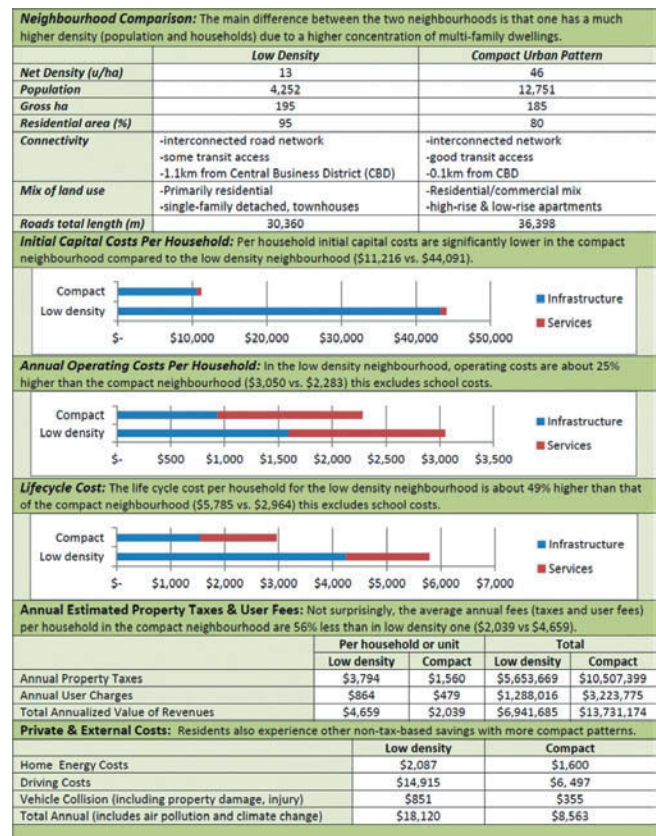
Flat or Uniform Development Charges: Development charges can influence land resources usage rates and development design can be adjusted to reflect the higher costs imposed on local governments by sprawling development. Research reviews, however, have found few local governments use development charges proactively to meet planning goals.¹⁵ Common practice is to charge one flat fee regardless of the actual cost of developing in a particular location. The result is a significant subsidy to sprawl over core development. Undercharging developers for infrastructure and other local government costs artificially distorts the market in favour of sprawl.

Development charges can be calculated based on the location in which the development occurs. For example, the City of Kitchener's suburban residential development charges are 74 per cent higher than those for central core. For non-residential buildings, suburban charges are 157 per cent higher. Similarly, the City of Ottawa has higher charges for development outside of its greenbelt. In 2013, the City of Calgary doubled its development charges on new suburbs and reduced the number of new neighbourhood service areas to recover the City's infrastructure costs over a shorter time period. The City of Prince George has lower DCC rates for multi-family development in its Primary and Secondary Growth Areas. The Region of Peel has also doubled its charges for suburban fringe development.¹⁶

Local governments can also structure their development charges based on the type of development and density. Pamela Blais found many local governments do not vary charges based on the location, intensity, or type of development and argues a flat or uniform approach means "low-cost areas subsidize high-cost areas," "small lots subsidize large lots," and "smaller residential units subsidize larger units." As a large component of development charges is infrastructure calculated on a linear basis—such as roads, sewers, or water—factors such as lot size, density, and development design will affect how much infrastructure is required.¹⁷ Dr. Slack further supports these findings when she advises "the denser the neighbourhood, the smaller the increment of development costs that these services represent."¹⁸

Failure to Use Asset Management Plans: Infrastructure is the economic backbone of our communities, and when combined with other physical assets, such as local government buildings and facilities, comprise usually over 90

Figure 3: CLIC Tool Comparison of Compact vs Low Density Development



The British Columbia Ministry of Community, Sport and Cultural Development's new Community Lifecycle Infrastructure Costing (CLIC) Tool estimates the annual and life cycle costs for residential development and compares the financial impacts of various scenarios.

per cent of the corporate value of a local government. It is surprising then, that local governments are not required to either prepare asset management plans (AMPs) (except in Ontario through the 2012 Municipal Infrastructure Strategy) or report on their infrastructure deficits. Local governments are failing to address one of most significant community risks and liabilities. This is further exacerbated by climate change, which is damaging existing infrastructure 3 times more than 30 years ago.¹⁹ Further, provincial and federal governments are starting to require asset management plans and greenhouse gas tracking as conditions of infrastructure funding grants. Given the competitive nature of grants which only cover a fraction of the infrastructure deficit, local governments will best position their chances of grant awards by undertaking AMPs, and implementing their sustainable land use and energy and emissions plans.

Local governments can now model and compare development scenarios in their communities. The BC Ministry of Community, Sport and Cultural Development has a new Community Lifecycle Infrastructure Costing (CLIC) Tool to estimate the annual and life cycle costs for residential development and compare the financial impacts of various scenarios.²⁰ Using the CLIC Tool, which just received a 2016 PIBC Gold award, the following chart (Figure 3) summarizes a basic scenario of low density versus compact development.²¹

The low density option has significantly higher costs and lower revenues than compared to compact urban development. This includes both infrastructure and services costs. A clear cost savings to the local government and residents is shown by developing in a more compact, complete, energy-efficient way. More specifically, the compact urban pattern has the benefits of 4 times less initial capital costs; 25 per cent less annual operating costs; 2 times less life cycle costs; and 50 per cent savings to residents on private and external costs

The higher density development saves the local government hundreds of millions in infrastructure and servicing costs over the life cycle, and receives almost twice as much revenue. It also means the local government is not cost recovering the incrementally higher costs of low density development.

In summary, several strategies, policies, plans and tools are being used by local governments to integrate to integrate their land use planning and financial management. The integration will change the current practice of financially incenting low density greenfield development to more sustainable forms of urban development. A key for planners is to understand these fiscal realities when undertaking land use planning, participating in budget and capital planning processes, and in designing community involvement opportunities. In particular, undertaking local government financial impact analyses on different land use options should be a key determinant in how to accommodate future growth, how to pay for it, and how to minimize environmental and social impacts.²² The strategies, policies, plans and tools are available to complete the sustainable integration of land use planning and financial management of local governments in Canada. ■

KIM FOWLER MCIP, RPP, is principal of Sustainability Makes Cents Consulting, an Adjunct Professor in the Masters of Community Planning program, Vancouver Island University, and authoring a book on Docksider Green, which achieved the highest LEED point total in the world for the first two phases of development. She may be reached at kim@smcteam.ca

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...WITH JAY WOLLENBERG, FCIP, RPP

INTERVIEW BY JONATHAN DENIS-JACOB MCIP, RPP

For this special issue on Financing Cities, we explore some of the mechanisms that local governments use to help finance the costs of urban growth. *Plan Canada* spoke with Jay Wollenberg, president of Vancouver-based Coriolis Consulting Corp.

A planning and development consultant in B.C. for over 40 years, Jay holds Bachelor of Science and Master of City Planning degrees from the Massachusetts Institute of Technology (MIT) and is a Fellow of the Canadian Institute of Planners. He has been President of the Planning Institute of B.C. and CIP, and is also an Adjunct Professor at the University of British Columbia School of Community and Regional Planning.

Development levies, community amenity contributions, and density bonusing are used by municipalities to help pay for capital costs arising from new urban development. How do these tools work?

Rather than transfer all of the capital costs of growth to taxpayers, many local governments expect new development to shoulder some of the costs. There are two broad categories of tools that do this.

First, some provincial legislation allows municipalities to impose a charge on development to help pay for community-wide infrastructure (for example, Development Cost Charges in B.C. and Development Charges in Ontario). These are predictable costs that developers pay at the time of approval. These levies are usually paid by all new development, regardless of whether changes to zoning are involved.

Second, depending on provincial legislation, there are ways to link increases in development entitlements (via rezoning) to contributions for infrastructure or amenities. One approach is density bonusing, with a base density that can be achieved without providing public benefits and supplemental density that can be achieved in exchange for prescribed benefits. Another way is to negotiate during rezoning to arrive at a development plan and benefits package that are acceptable to the developer and the municipality.

Are these tools effective?

That depends on a variety of factors, including how the tools are designed and local market conditions, but many local governments are successfully using one or both of these tools.

Are these tools only appropriate in large cities or do they work in small communities too?

Regardless of community size, the question of who should pay the cost of growth is a relevant policy discussion. Should costs be paid out of general revenue (which is mainly property tax), by user fees, by development, or by some combination of these? If we accept that new development should pay some of the costs, then levies are an efficient way to generate revenue for infrastructure, as long as the charge is set at a level that does not impair the viability or pace of new development.

Linking amenity contributions to new development entitlements only works where there is strong market interest in changes in land use or increases in density. Zoning-based mechanisms rely on the premise that new development entitlements create land value and that some portion of this increased value should be translated into public benefits. In a community where there is no market for higher density or where land values are very low, there will be limited opportunity to achieve amenities through the rezoning process.

Can a development levy have negative effects on housing affordability?

It is common to hear that “a levy on new development just gets added directly to the price of new units,” with the inference being that local governments concerned about housing affordability should not charge levies for infrastructure. But that is a flawed characterization of how the market reacts. Developers do not set housing prices by just adding up the costs, tacking on a profit, and expecting the buyer to pay whatever this works out to, regardless of whether this figure is above market value. If they could do that, why would they worry about controlling any costs?

Housing prices are set by the interaction of local supply and demand. Market housing prices in turn drive land value. Think of the financial performance of a new project this way: start by estimating the revenue from selling finished units at market value, deduct all the costs (except land) to build and sell the project, and then deduct the target for profit. What is left over is the amount the developer can pay for land. When faced with any sort of cost increase, developers cannot arbitrarily bump up sales price and expect units to sell as if nothing had happened. Nor do they happily settle for a lower profit margin. What happens is that they try to reduce the amount they pay for development sites. This downward pressure on land value is the heart of the levy impact question.

At any given time, a property in an urban area is either more valuable as a redevelopment site (say high density residential) or more valuable in its current use (say single family houses or older low density retail). Redevelopment only happens if developers can pay enough for sites to outbid the value supported by the existing use and to entice existing land owners to sell. If rising development costs reduce the amount developers can pay for land, then some owners will become unwilling to sell their property for redevelopment. If this happens on a large scale, reduced availability of sites means a slower pace of new construction. Constraining new supply in the face of strong demand means housing prices will rise...not just on new units, but on all stock.

Developers who already own land at the time of a new or increased levy have a different problem. They can't reduce land cost, because they already bought it. They may get stuck with a lower profit or they may slow their project schedule if they think market price is rising, unless the levy is small enough that it is smarter to develop than to wait.

So, if development levies are too high the pace of new development could fall, with potentially severe impacts on affordability. This is a much bigger problem than just increasing the price of new units. However, the alternative of paying for infrastructure with general revenue means everyone has higher property taxes than they otherwise would. This affects affordability in a different way.

On the plus side, one possible positive impact of levies is opening up new capacity for development that might not otherwise be available due to infrastructure constraints. Adding supply helps mitigate rising price.

In my view, a successful levy is high enough to generate revenue to help pay for infrastructure and low enough that there is no material change to the number of sites that are financially viable for redevelopment, while helping create new capacity to absorb growth. It's a difficult balancing act.

What about density bonuses or community amenity contributions...can they affect housing affordability?

These approaches only work when developers are willing to provide amenities in order to achieve a change in use or more density. If implemented judiciously in a market where density has value, there is little risk of affecting affordability because these approaches are by definition associated with increasing the capacity to develop housing.

However, to be successful these approaches must work in the interest of all participants in the development process. When rezoning creates a land value gain (often called "lift"), land owners may think, "It is my land, so I own any upside from rezoning." The developer may think, "I'm taking the risk, it's my idea, so I earn the lift." Residents may think, "We are absorbing the negative impacts of densification, so we should have amenities to offset these impacts." If all of the benefits of upzoning accrue to only one or two of these parties, it is harder to implement plans that increase the capacity for housing. I believe it is possible to find the win-win-win where rezoning gives land owners incentives to sell their property into the development market, developers see benefits in increased

density, and the local government achieves amenities that meet the needs of new residents and address community concerns without loading all of the cost onto taxpayers.

There are caveats. If a local government has a history of approving rezonings with no expectation of community benefit, the market will price potential rezoning into land value. In this circumstance, developers cannot pay this value and also make an amenity contribution. That is why trying to achieve amenities is easier when a community planning process is considering increasing density. This "new" density can be telegraphed to the market as only being available within an amenity contribution framework. The second caveat is to comply with provincial legislation and case law. A good general rule is to make sure that amenity expectations are financially viable and are clearly linked to the needs or impacts of new development.

Some argue that local governments should maximize land owner and developer incentives by approving rezonings without amenity contributions. This presupposes that it would be politically possible to increase density in a community without showing that development is directly paying some costs, which I don't think is likely in many of the communities experiencing growth.

This is another difficult balancing act: use the rezoning process to increase housing capacity in appropriate locations, provide incentive for land owners so that land is available to the market, ensure that redevelopment is financially attractive for developers, and achieve public benefits that help address the impacts of growth.

What key steps should communities take to implement these mechanisms?

Understand your provincial legislation and the local land market, work closely with all stakeholders, be transparent, be reasonable.

These mechanisms must not be conceived as arbitrary cash grabs. Start with sound planning to manage growth and densification in appropriate locations. Identify the amenities, infrastructure, and housing mix needed to make growing neighbourhoods sustainable, livable, safe, affordable. Then create a funding strategy for community-building, using an appropriate combination of municipal investment, development levies, and contributions linked to zoning changes.

These mechanisms are about paying for the costs of growth. But is growth sustainable?

There are large scale challenges of climate change, pollution, ecosystem damage, and resource allocation plus the local concerns about changes in community character, livability, and fiscal impacts. Unlimited growth is not sustainable and as planners we have to help figure out how to alter our economic dependence on growth and live within the constraints of our planet. But, we live in a world where people and wealth are mobile. People are moving to and within Canada, particularly to the most attractive communities, which puts pressure on land values and municipal systems. We can reduce consumption, reduce carbon reliance, reduce pollution, make cities smarter...but local increases in population and employment mean that some regions will still have to accommodate urban development and find ways to pay for infrastructure and amenities. ■

under construction, and another 2,000 residential units in the planning process. Recent forecasts suggest Downtown Edmonton and The Quarters Downtown CRLs will generate close to \$1.2 billion, combined, over the 20-year period.

The benefits offered by CRLs are not without challenges. Economic downturns could result in less revenues being realized than anticipated. The loss of affordable housing and gentrification of neighbourhoods is also a concern if not properly identified at the outset as something to protect. The literature on the use of TIFs in the United States provides examples where the commercial property growth in the TIF area resulted in a reduction of commercial development in the neighbouring non-TIF area.¹⁵ This last challenge also sparks questions about whether a CRL is just redirecting investment from another area of the city or if the development would have occurred regardless of the use of the CRL.^{16,17}

It goes without saying that the necessary due diligence must be undertaken and a risk mitigation strategy prepared in advance of CRL Plan approval, as is done in Edmonton. If the expected returns are not realized, the shortfalls are to be covered by tax levy increases as identified in the CRL Plans.¹⁸ A conservative approach was taken when preparing the CRL development forecasts to reduce project risks. In addition, Edmonton has phased its final approval of investment in catalyst projects to manage the risk.¹⁹

WHAT WE KNOW FROM THE EDMONTON EXPERIENCE

- The conversation about downtown is changing. People are excited about the transformation taking place and there is a renewed interest in living, working, and visiting downtown.²⁰
- An area that was underperforming and plagued with surface parking lots, environmental contamination from historic land uses, and infrastructure inadequate for new development is changing and the changes are happening quicker than they would have without intervention.
- Improvements in the CRL Plan areas are largely self-funded.
- The significant wins that have been realized would not have happened without the strategic plan and the invaluable partnerships that have been forged. There has been a commitment on the parts of the government and the private sector to build a better downtown together. ■

HEATHER CHISHOLM MSc, RPP, MCIP is Principal Planner at the City of Edmonton. She can be reached at heather.chisholm@edmonton.ca

TOM BECK MScPI, RPP, MCIP is a Planner with Urban Renewal at the City of Edmonton. Tom works on implementation of the Capital City Downtown Plan and Community Revitalization Levy. He can be reached at tom.beck@edmonton.ca.

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| JORDAN JACKSON

REFLECTIONS



The next successful Student Director on the CIP Board will have the ability to make lasting positive change and actions for students and planners with the proposed two year term.

Hello fellow planning students and young professionals across Canada, I hope your summer studies, employment, and careers plans are going great. The month of July will mark the end of my term as your Student Representative on CIP's Board of Directors. My role on the Board proved to be different than previous student terms since throughout the year we were busy working together to finalize new CIP bylaws to meet the provisions of the *Canada Not-for-Profit Corporation Act*. Since this is my final column, I would like to take the time to reflect on what I will be taking away from my time on the Board, and to remind you of the importance bringing your passion for the profession to everything you do.

First, what I will take away from my term on the Board was the passion, commitment, and support for the planning profession expressed by Board members. Through times of uncertainty and conflicting views, together they were able to overcome these difficulties because they want CIP, the voice of the Canadian planning profession, to remain united and strong to meet the needs of its members and the profession. Their dedication and passion for the profession is what students and young planners need to hear to know CIP will be there for them in the future. The next successful Student Director on the CIP Board will have the ability to make lasting positive change and actions for students and planners with the proposed two year term.

Now remember, the same dedication for the planning profession witnessed at the national level is something that young planners and students experience through interactions with our professors, instructors, employers, fellow students and peers. Those who have assisted us through our studies have done so to create the next generation of dedicated and hardworking professional planners within Canada. I know that during the busiest times our studies and the beginning of our careers, it is often easy to lose sight of why we choose to pursue the planning profession in the first place. I believe majority of us did so because we want to create positive changes in the communities we live in or to make a difference in some way, shape, or form.

Remember, when times are tough, why you choose the planning profession and bring your passion and interests into your school and work assignments. Your positive attitude towards your work will become contagious and help remind those around you of where their passions lie as well. During my last year of studies at the University of Northern British Columbia, it was the enthusiasm for planning from my fellow peers that helped me make it through that final semester.

Thank you everyone for the questions and conversations had regarding CIP throughout my term. I would like to wish my successor as Student Director the best of luck, as I look forward to meeting them and other students from across Canada at the CIP national conference, Accent on Planning, held in Quebec City this July. ■

JORDAN JACKSON is the Canadian Institute of Planners Student Representative on the Board of Directors. She has just completed her Bachelor of Planning at the University of Northern British Columbia.

RÉFLEXIONS

Bonjour chers camarades étudiants et jeunes professionnels urbanistes du Canada. J'espère que tout se passe bien pour vous dans vos études et emplois d'été et plans de carrière. Le mois de juillet marquera la fin de mon mandat en tant que représentant des étudiants au sein du Conseil d'administration de l'ICU. Mon rôle au sein du Conseil fut différent de celui de mes prédécesseurs, car tout au long de l'année, nous avons travaillé ensemble pour finaliser les nouveaux règlements administratifs de l'ICU afin de répondre aux exigences de la Loi canadienne sur les sociétés sans but lucratif. Comme il s'agit de ma dernière rubrique, j'aimerais faire le point sur ce que je retirerai de mon expérience au sein du Conseil de l'ICU et vous rappeler l'importance de donner libre cours à votre passion pour la profession dans tout ce que vous entreprenez.

Tout d'abord, ce qui m'a marqué lors de mon mandat est la passion, l'engagement et le soutien exprimés par les membres du conseil pour la profession d'urbaniste. En ces temps d'incertitude et de points de vue contradictoires, ensemble, ils ont réussi à surmonter les difficultés parce qu'ils veulent que l'ICU, la voix de l'urbanisme au Canada, demeure unie et forte afin de répondre aux besoins de ses membres et de la profession. Leur dévouement et leur passion doivent inspirer les étudiants et les jeunes planificateurs et les rassurer que l'ICU sera là pour eux à l'avenir. Le prochain représentant des étudiants au sein du Conseil de l'ICU aura la possibilité de faire des changements et de poser des actions durables pour les étudiants et les planificateurs grâce au mandat proposé de deux ans.

Rappelez-vous que ce même dévouement pour la profession d'urbaniste constaté à l'échelle nationale se transmet aux étudiants et jeunes planificateurs grâce à des interactions avec nos enseignants, employeurs, collègues et pairs. Ceux qui nous ont aidés dans nos études ont aussi contribué à créer la prochaine génération d'urbanistes professionnels dévoués et travailleurs du Canada. Je sais que pendant les périodes les plus difficiles de nos études et au début de notre carrière, il peut nous arriver de perdre de vue la raison qui nous a motivés en premier lieu à choisir d'exercer la profession d'urbaniste. Je crois que la majorité d'entre nous l'avons choisie parce que nous voulions apporter des changements positifs dans les communautés où nous vivons et voulions faire une différence, d'une manière ou d'une autre.

Lorsque les temps sont durs, n'oubliez jamais pourquoi vous avez choisi la profession d'urbaniste et tâchez d'exprimer votre passion et vos intérêts dans vos travaux scolaires et autres tâches. En maintenant une attitude positive dans votre travail, vous éveillerez les passions de ceux qui vous entourent. Au cours de ma dernière année d'études à l'Université du Nord de la Colombie-Britannique, c'est l'enthousiasme de mes pairs pour l'urbanisme qui m'a aidé à achever ce dernier semestre.

Merci à tous pour les discussions et les conversations que nous avons eues au sujet de l'ICU tout au long de mon mandat. Je voudrais souhaiter à mon successeur la meilleure des chances, et je me réjouis à l'idée de tous vous rencontrer lors du congrès national de l'ICU Accent sur l'urbanisme qui aura lieu à Québec au mois de juillet. ■

JORDAN JACKSON est le représentante des étudiants à l'Institut canadien des urbanistes. Elle vient de terminer son baccalauréat en urbanisme à l'Université du Nord de la Colombie-Britannique.

Le prochain représentant des étudiants au sein du Conseil de l'ICU aura la possibilité de faire des changements et de poser des actions durables pour les étudiants et les planificateurs grâce au mandat proposé de deux ans.

| DAVID GORDON FCIP, RPP, AICP

CANADIAN PLANNING PIONEER: ERIC W. THRIFT, FCIP

As the Institute looks forward to its centennial in 2019, Fellows Corner looks back to celebrate the contributions of our first Fellow.

Eric W. Thrift FRAIC FCIP (1912-1995) was an architect-planner who played a pivotal role in the development of community planning in Manitoba and across Canada in the post-war era. In 1953, he became the first person elected as a Fellow of the Town Planning Institute of Canada (now the Canadian Institute of Planners), for his role in re-establishing the Institute, after it had been in abeyance from 1931 to 1952 due to the effects of the Great Depression and World War II. Only 40 years old when he was honoured with this recognition, Thrift went on to many other national and international achievements.

Thrift was born in Winnipeg in 1912. He attended the University of Manitoba, where he studied architecture, receiving a Bachelor of Architecture and the Gold Medal in 1935. In 1936 and 1937, he studied architecture and planning at the Massachusetts Institute of Technology, earning a Master of Architecture in 1938.

Upon his return to Winnipeg, Thrift taught at the University of Manitoba and served as planning advisor to the provincial government, where he prepared the 1944 report on community planning for Manitoba's Post-War Reconstruction Committee. He worked as a planning consultant for the City of Yorkton, Saskatchewan and several Manitoba municipalities, leading the 1958 team that planned the new resource

town, Thompson, Manitoba. In that same year, he prepared the campus master plan for his alma matter, the University of Manitoba.

From 1945 to 1960, Thrift was Director of the Metropolitan Planning Commission for the Winnipeg area. The Commission had no regulatory authority and depended on its staff's powers of persuasion and professional expertise to encourage the urban, suburban and rural municipalities to adopt, coordinate and implement plans. Thrift was a persistent advocate of the benefits of planning, writing numerous articles and giving hundreds of presentations to community stakeholders to build the consensus needed for metropolitan planning. One newspaper described him as: "...a 'soft-sell' artist - a man who builds a careful and methodical case before

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French urbanist Jacques Gréber (right) explains the draft National Capital Plan to Eric W. Thrift (centre), during the 1948 Royal Architectural Institute of Canada conference in Ottawa. Thrift was Director of Manitoba's Metropolitan Planning Commission at the time, and would implement this plan during the 1960s as General Manager of the National Capital Commission. Source: Library and Archives Canada, National Film Board Photo NCP B6004.

L'urbaniste français Jacques Gréber (à droite) explique l'ébauche du Projet d'aménagement de la capitale nationale à Eric W. Thrift (au centre), lors de la conférence de 1948 de l'Institut royal d'architecture du Canada à Ottawa. Thrift était directeur de la commission d'aménagement métropolitain du Manitoba à l'époque. Durant les années 1960, il mettra ce plan en œuvre en qualité de directeur général de la Commission de la capitale nationale. Source : Bibliothèque et Archives Canada, photo de l'Office national du film NCP B6004.

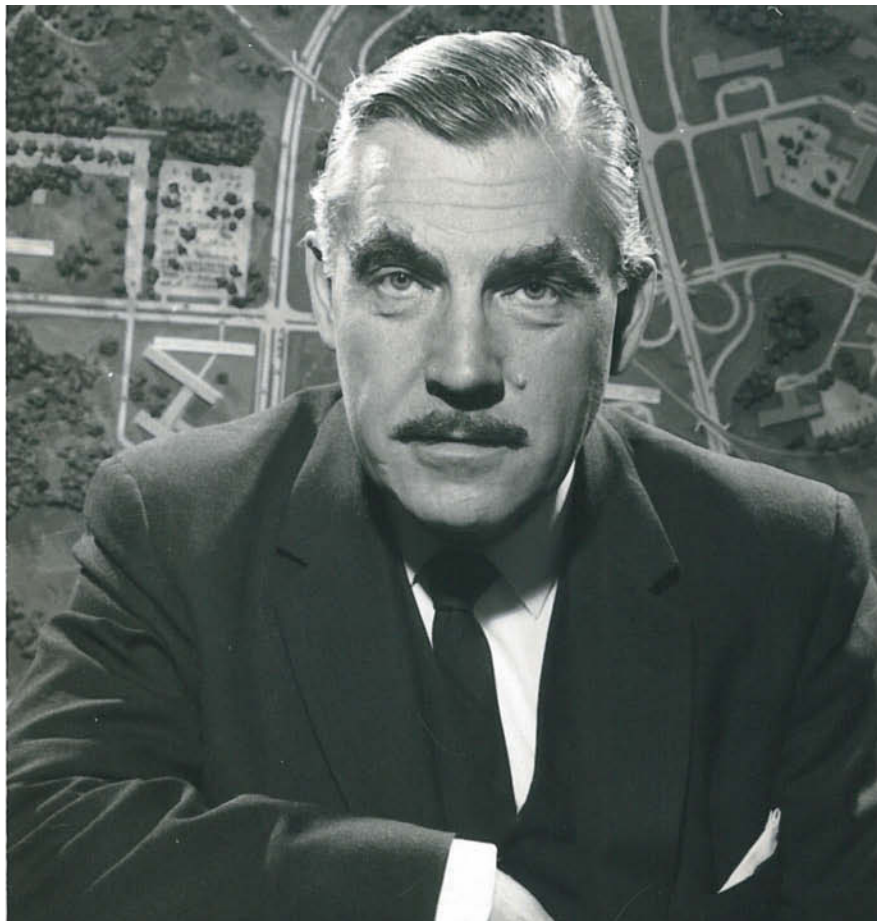
UN PIONNIER DE L'URBANISME AU CANADA : ERIC W. THRIFT, FICU

En route vers le centenaire de l'Institut en 2019, « Du côté des fellows » s'arrête pour célébrer les contributions du premier fellow.

Eric W. Thrift, FIRAC, FICU (1912-1995), est un architecte-urbaniste qui a joué un rôle essentiel dans le développement de l'urbanisme au Manitoba et à travers le Canada durant l'après-guerre. En 1953, Il devient la première personne élue fellow de l'Institut d'urbanisme du Canada (ancêtre de l'Institut canadien des urbanistes) pour son rôle dans le rétablissement de l'organisme après sa mise en veilleuse entre 1931 et 1952 à cause de la Grande Crise et de la Seconde Guerre mondiale. Âgé de 40 ans à peine lors de l'attribution de cet honneur, Thrift poursuit son cheminement en accomplissant de nombreuses autres réalisations au pays et à l'étranger.

Thrift naît à Winnipeg en 1912. Il étudie l'architecture à l'Université du Manitoba, qui lui remet un baccalauréat dans ce domaine et la Médaille d'or en 1935. En 1936 et 1937, il étudie l'architecture et l'urbanisme au Massachusetts Institute of Technology, ce qui lui vaut une maîtrise en architecture en 1938.

De retour à Winnipeg, Thrift enseigne à l'Université du Manitoba et agit comme conseiller en urbanisme auprès du gouvernement provincial, où il rédige le rapport de 1944 sur l'urbanisme pour le comité de reconstruction après-guerre du Manitoba. Il travaille comme urbaniste-conseil pour la Ville de Yorkton, en Saskatchewan, et plusieurs municipalités manitobaines. En 1958, il dirige l'équipe qui aménage Thompson, au Manitoba, ville nouvelle axée sur le secteur primaire. Au cours de la même année, il prépare le plan directeur du campus de l'Université du Manitoba, son alma mater.



De 1945 à 1960, Thrift est directeur de la commission d'aménagement métropolitain pour la région de Winnipeg. Cet organisme ne possédait pas de pouvoir de réglementation et dépendait de la force de persuasion et de l'expertise professionnelle de son personnel afin d'encourager les municipalités urbaines, de banlieue et rurales à adopter, à coordonner et à mettre en œuvre des plans. Thrift n'a cessé de préconiser les avantages de l'urbanisme. Il rédige de nombreux articles et donne des centaines de présentations aux intervenants communautaires de manière à forger les consensus nécessaires à l'aménagement métropolitain. Voici comment un journal l'a décrit : « [...] un artiste de la "persuasion en douceur" »

Eric W. Thrift, ca. 1967, while he was General Manager of the National Capital Commission. Source: Copy provided by Thrift family; used by permission.

Eric W. Thrift, vers 1967, alors qu'il était directeur général de la Commission de la capitale nationale. Source : Exemplaire fourni par la famille Thrift; utilisé avec autorisation.

— un homme qui constitue un dossier soigneusement et méthodiquement avant de recommander des mesures importantes en matière d'aménagement aux conseils municipaux. » La « persuasion en douceur » se révèle efficace : en 1960, le Manitoba établit un gouvernement métropolitain pour Winnipeg et lui confère la compétence voulue en matière d'aménagement.

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recommending any major planning move to the municipal councils.” The “soft-sell” proved effective and Manitoba established a metropolitan government for Winnipeg, with proper planning jurisdiction in 1960.

Thrift left his native Manitoba for a larger challenge in 1960, when Prime Minister John Diefenbaker appointed him as General Manager of the National Capital Commission (NCC). Thrift implemented many of the components of Jacques Gréber's landmark 1950 Plan for the National Capital, including several of the parks, parkways, and the suburban greenbelt that are still traits of the region today. He had less success in central Ottawa, where politically-connected developers defeated the efforts of the municipal and NCC planners to protect the view of Parliament Hill from the south.

In 1970, Thrift was appointed as Queen's University's campus planner

and as a founding Professor in its new School of Urban and Regional Planning (SURP). He oversaw a dramatic physical expansion of the university over the next decade, adding a west campus, re-landscaping the main campus, and creating a much-loved waterfront park. He taught metropolitan planning and community design to the first generation of Queen's planners and was Acting Director of SURP from 1971-72. Appointed Professor Emeritus in 1981, he continued to teach in the years that followed.

Thrift was an energetic leader of provincial and national planning advocacy organizations throughout his career and a frequent contributor to Canadian and international conferences. He helped found the Community Planning Association of Canada (CPAC) in 1946, and its Manitoba branch in 1947. Thrift was elected President of the Canadian Institute of Planners twice, 1953-1954 and 1961-1962, the only person to assume the leadership role on two

separate occasions. Active in the American Society of Planning Officials (ASPO, now the American Planning Association), he served as ASPO's President from 1964-1965, the only Canadian to hold that post. He led the combined ASPO/CPAC Toronto conference in 1965, which was the largest gathering of planning officials held to that date.

For his contributions to planning and its allied professions, Thrift was also elected as a Life Member of ASPO, and a Fellow of the Royal Architectural Institute of Canada (1961). He passed away in Kingston, Ontario in 1995 and is still fondly remembered by his colleagues and former students at Queen's. ■

DAVID GORDON FCIP, RPP, AICP is professor and Director of the School of Urban and Regional Planning in the Department of Geography and Planning at Queen's University. His latest book is *Town and Crown: An Illustrated History of Canada's Capital* (2015). Thrift persuaded him to become a planner in 1974.

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La même année, Thrift quitte son Manitoba natal pour relever un plus grand défi : le premier ministre John Diefenbaker le nomme alors directeur général de la Commission de la capitale nationale (CCN). Thrift réalise nombre des composantes du Projet d'aménagement de la capitale nationale, document rédigé en 1950 par Jacques Gréber et qui a fait date. Nous lui devons plusieurs des parcs et des promenades ainsi que la ceinture de verdure suburbaine qui constituent des caractéristiques de la région aujourd'hui. Il connaît moins de succès dans le centre d'Ottawa, où des promoteurs qui entretiennent des liens étroits avec des politiciens font échouer les efforts des urbanistes municipaux et la CCN en faveur de la protection de la vue de la colline du Parlement depuis le sud.

En 1970, Thrift se voit confier l'aménagement du campus de l'Université Queen's, qui le nomme professeur fondateur de la School of

Urban and Regional Planning (SURP). Il supervise une expansion spectaculaire de l'Université au cours de la décennie suivante : l'ajout d'un campus à l'ouest, le renouvellement de l'aménagement paysager du campus principal et la création d'un parc riverain très apprécié. Il enseigne l'aménagement métropolitain et la conception de collectivités à la première génération d'urbanistes de Queen's et est directeur intérimaire de la SURP en 1971 et 1972. Nommé professeur émérite en 1981, il continue d'enseigner au cours des années qui suivent.

Thrift a été un leader énergique d'organismes provinciaux et nationaux de promotion de l'urbanisme tout au long de sa carrière et il a souvent contribué à des conférences canadiennes et internationales. Il aide à fonder l'Association canadienne d'urbanisme (ACU) en 1946 et sa section manitobaine en 1947. Thrift est élu président de l'Institut canadien des urbanistes deux fois, en 1953-1954 et 1961-1962. Il est la seule personne à avoir assumé le rôle de dirigeant

à deux reprises. Membre actif de l'American Society of Planning Officials (ASPO, ancêtre de l'American Planning Association), il en a été le président en 1964-1965, le seul Canadian à occuper ce poste. Il dirige la conférence conjointe de l'ASPO et de l'ACU, qui se tient à Toronto en 1965 et est alors le plus vaste rassemblement de responsables de l'urbanisme.

Par ailleurs, pour ses contributions à l'urbanisme et aux professions connexes, Thrift est élu membre à vie de l'ASPO et fellow de l'Institut royal d'architecture du Canada (1961). Il meurt à Kingston, en Ontario, en 1995. Ses collègues et ses anciens étudiants de Queen's s'en souviennent encore affectueusement. ■

DAVID GORDON FICU, RPP, AICP est professeur et directeur de la School of Urban and Regional Planning du Département de géographie et d'urbanisme de l'Université Queen's. Son plus récent livre s'intitule *Town and Crown: An Illustrated History of Canada's Capital* (2015). Thrift l'a persuadé de devenir urbaniste en 1974.

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