

Building complete communities

INFRASTRUCTURE IS ESSENTIAL FOR THRIVING CITIES

The question facing all levels of government is, who pays for it?

W e all take infrastructure for granted—until something goes wrong. Remember the infamous “blackout” of August 2003, when most of Ontario and the northeastern United States were plunged into darkness? The power outage was caused by a deteriorating grid that buckled under the pressure of increased demand.

More recently, in July 2013, the worst flash flood in Toronto’s history dumped 126 millimetres of rain on Canada’s largest city, cutting power to hundreds of thousands of homes, halting subway and GO Train service, flooding roads, and causing over-loaded pipes to back-up into people’s basements.

Both are harrowing examples of circumstances where aging and under-funded infrastructure couldn’t keep up and Toronto, the nation’s economic powerhouse, was all but shut down as a result.

FUNDAMENTAL TO CIVIC GROWTH

“Infrastructure enables our cities to function, yet you don’t think about it until there’s a prob-

“The small amount that goes toward the immense challenge of tackling our nation’s infrastructure deficit is not enough, especially in the GTA as it continues to grow.”

Bryan Tuckey, president and CEO, BILD

lem,” says Giovanni Cautillo, executive director of both the Ontario Sewer and Watermain Construction Association and the Greater Toronto Sewer and Watermain Contractors’ Association. “When things are working fine everyone takes infrastructure for granted.”

Infrastructure like the kind Cautillo and his members deal with on a daily basis—the pipes that bring us fresh clean water and take away the dirty stuff—is not something we notice, even though it’s fundamental to our daily lives.

The same could be said of the roads that move people and goods, the transit we take to work, the bridges that connect our communities, and the electricity that keeps the lights on.



Roads and highways — part of our city’s infrastructure — are fundamental to our daily lives, support growth and are essential to the economic prosperity of our city, region and nation. FILE PHOTO/TORONTO STAR

All of it is infrastructure and it is also necessary for the development of new communities and to support growth, and it is essential to the economic prosperity of our city, region and nation.

FUNDING FAILURE

However, we have a problem with infrastructure, a big problem that no one can agree how to fix. Infrastructure is expensive and not only do we need more of it to meet the demands of our growing cities we also have a serious infrastructure deficit. Much of our existing infrastructure is old and nearing the end of its capacity.

Canada’s municipal infrastructure deficit is estimated to be more than \$123 billion, according to the Federation of Canadian Municipalities which represents more than 2,000 municipalities.

At the provincial level, an estimated \$5.1 billion is required just to replace Ontario’s aging infrastructure, according to a recent study of 93 municipalities by the Association of Municipalities of Ontario.

Today much of our infrastructure is funded and put into place through the development process as part of building new communities.

There’s been a lack of funding support for infrastructure at the federal level, with just \$5 billion a year currently earmarked for the entire country. The scarcity of funding is more acute in the GTA which is growing by up to 100,000 people and 50,000 jobs annually.

“The small amount that goes toward the immense challenge of tackling our nation’s infrastructure deficit is not enough, especially in the GTA as it continues to grow,” says Bryan Tuckey, president and CEO of the Building Industry and Land Development Association.

“We need more pipes in the ground, roads for moving goods and people and transit to provide an alternative transportation method that eases congestion. Continued prosperity in the GTA depends on it.”

Both the federal and provincial governments need to invest to ensure communities

have stable, long-term and predictable funding for municipal infrastructure, Tuckey added.

The federal government used to invest in infrastructure. It used to provide more money to the provinces for infrastructure, which was in turn funnelled by the provinces to municipalities. But since the 1960s, there’s been a dramatic shift in responsibility.

Back then, the federal provincial and local governments each owned a third of their infrastructure assets (see the chart outlining “Share of Infrastructure Responsibility”). By 2005, amid soaring health care and education costs, local governments were saddled with supporting 67 per cent of assets.

“There has to be more assistance from the federal government,” agrees Cautillo. “Municipalities shouldn’t have to shoulder the burden of paying for the infrastructure all on their own. Everyone in the country benefits when urban centres like the GTA flourish.”

To close the infrastructure funding gap, local governments have introduced significant increases in development charges and other fees over the last decade.

These are taxes on new development, ultimately paid for by new homebuyers. A study done by Altus Group for BILD several years ago shows government charges and fees amount to one-fifth the cost of a new home on average across the GTA.

“It is unreasonable and unfair to put the cost of infrastructure on the backs of the new homebuyers when it really benefits all of us,” says Tuckey. “We agree with the principle that growth should pay for growth, but the new homebuyer and employer are already paying more than their fair share.”

Complicating matters is the fact that often the infrastructure projects that come as a result of a housing development — whether it’s new systems or upgraded existing ones — improve the lives of more than just new residents.

“The existing community and surrounding residents benefit when new transit comes on-



Government charges and fees amount to one-fifth the cost of a new home on average across the GTA, according to a study done by Altus Group for BILD. MARCUS OLENIUK/TORONTO STAR

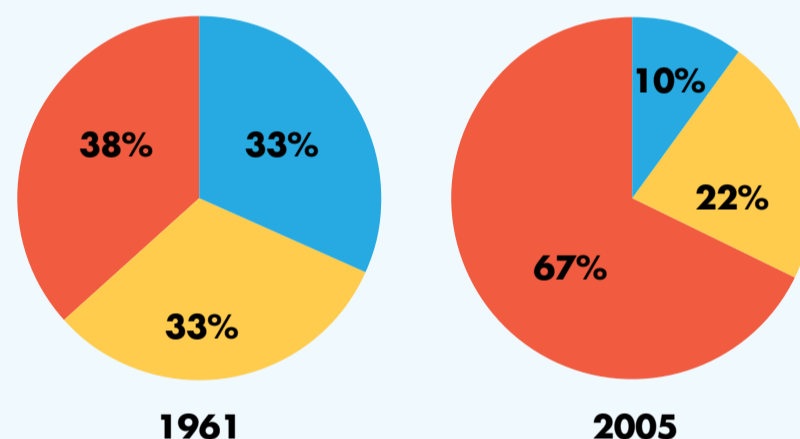
“Infrastructure enables our cities to function, yet you don’t think about it until there’s a problem.”

Giovanni Cautillo, executive director, Ontario Sewer and Watermain Construction Association

SHARE OF INFRASTRUCTURE RESPONSIBILITY

Over four decades, amid soaring health care and education costs, local governments have been saddled with supporting 67 per cent of infrastructure costs

Municipal government Provincial government Federal government



SOURCE: STATISTICS CANADA

line, new sewers or water mains are put in, or new parks or community centres are built,” says Gary Gregoris, a senior vice-president with Mattamy Homes, one of the country’s largest homebuilders. “These newer facilities, and more facilities, come as a result of new development and are largely funded by new homebuyers, but everyone should be paying a portion of the costs.”

Funding infrastructure through development charges and fees that new homebuyers must pay is adding significantly to the high cost of homes.

“We’ll be running into an affordability problem soon in the GTA,” says Gregoris, “if we’re not already there.”

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Bryan Tuckey, president and CEO, BILD



PARIS GREEN CREATIVE

Development and transit: Better together

TRANSIT CONSIDERED KEY TO CREATING ‘QUALITY, COMPLETE, INVESTMENT-READY COMMUNITIES’

Developer First Gulf, the commercial arm of BILD member Great Gulf, has grand designs to transform the former Lever Brothers factory site at 21 Don Roadway into a six-million square foot office-retail destination that will attract thousands of new jobs and be a catalyst for revitalization.

But Project 21, as it’s known, hinges on the arrival of new and proposed transit and transportation lines to enable workers to get to those new jobs, and to bring people to shop and enjoy the destination.

First Gulf has high hopes the province, federal government and the city will come through with the required infrastructure funding to service the area with rapid transit, such as a subway or as part of Toronto Mayor John Tory’s SmartTrack.

Project 21 will be a boon for the city’s lower east side, bringing badly needed office and retail spaces, plus the jobs that come with them, to an area that’s projected to see Toronto’s highest residential population growth in the coming years.

The proposed development is located at the foot of the Don River. Surrounded by Leslieville, Lower Riverdale and the West Don Lands, the site

is being developed as part of Toronto’s waterfront renewal; the neighbourhood created for the Pan and Parapan Am Athletes’ Village is just across the water. It also sits adjacent to the massive Port Lands, one of Toronto’s most important future development sites.

“Transit is the key to creating quality, complete, investment-ready communities,” says BILD CEO Bryan Tuckey. “It’s imperative that as we build the homes and businesses to accommodate new growth, we also ensure that the people that live and work in them can get to their jobs and schools in the quickest and most efficient way possible.”

As much as development needs transit, transit also needs development to be successful.

“Rapid transit systems are a major investment of public resources and to make that investment pay off we need to ensure they get used appropriately,” says Tuckey. “Transit corridors need density. They need homes and businesses to be built along them so there are enough people using the new lines to cover the cost of running them, and to justify building them in the first place.”

Funding isn’t coming down the pipe

WITH ALL THE BREAKS AND SYSTEM SHUTDOWNS THE GTA HAS EXPERIENCED IN RECENT YEARS, AN INCREASING NUMBER OF HOMEOWNERS HAVE HAD FIRST-HAND EXPERIENCE WITH WATER-RELATED ISSUES

Anthony Di Battista is succinct in summing up the importance of water and wastewater infrastructure.

“It’s the arteries of our communities,” says the past-president of the Greater Toronto Sewer and Watermain Association (GTSWA) and president of Clearway Construction and SigNature Developments, a BILD member company.

Water and wastewater infrastructure is responsible for bringing fresh water to our homes and work places, and it allows us to turn the tap and find water for drinking, bathing and cooking. Equally importantly, it enables us to flush our toilets, expelling the dirty water so we don’t have to deal with it.

“We need clean water to function in our everyday lives,” says Di Battista. “It’s that simple.” But he realizes most people don’t think about water infrastructure “until they turn the tap on and nothing comes out.”

In recent years, more and more people have had first-hand experiences with water-related issues, and the problem is getting worse. People can’t see it, but just below ground, the region’s water and wastewater infrastructure is aging and under severe pressure to keep up with the demands of a booming region.

“Our infrastructure has a lot of faults in it,” says

Di Battista. “We have systems designed to last 50 years that have been operating now for 70, 80 even 100 years. It’s way under the capacity we need now.”

With pressure mounting on municipalities to upgrade existing infrastructure and build new systems to support new communities, municipalities are increasing fees such as development charges to pay for it. Under this funding model, the upfront costs and financial burden is borne by new homebuyers.

Di Battista and organization like GTSWA and BILD would like to see senior levels of government do more to help municipalities fund water and wastewater infrastructure.

Other funding models for building modern water and wastewater infrastructure could accommodate growth and enable the development of new communities. One such model in the GTA is the one used for utilities such as hydro and natural gas.

Under a utility model, the capital cost to build the infrastructure is amortized over the life of the system and funded in part by user fees. Projects are considered long-term investments and while new development and new homebuyers pay a portion of the costs, they do bear the full brunt.



On Aug. 14, 2003, most of Ontario and the northeastern U.S. were plunged into darkness when a deteriorating grid buckled under the pressure of increased demand and caused a major power outage. VINCE TALOTTA/TORONTO STAR



Another Toronto disaster, this one on July 8, 2013, dumped 126 millimetres of rain in Toronto, flooding roads, halting subway and GO Train service and causing over-loaded pipes to back up into people’s basements. CANADIAN PRESS/WINSTON NEUTEL