

# Home sweet, costly home — a pricey debate

Key factors are driving up GTA housing prices. But not a lack of land, says new study

RYAN STARR  
SPECIAL TO THE STAR

Housing prices continue to soar sky-high across the bustling Greater Golden Horseshoe (GGH), with no signs of coming down anytime soon.

What's at the root of it all? A strong economy, low interest rates and until a recent tightening — favourable mortgage insurance rules all play important roles, enabling more buyers to enter the market, increasing demand for homes, and driving up prices as a result, according to a 2013 study by Pembina Institute, co-published by Royal Bank of Canada.

It also helps that the Toronto region is considered a great place to live and work. Canada's largest metropolitan area accounts for more than 40 per cent of Ontario's population — and it's growing. By 2036, the total population of the Toronto region is expected to reach 9.1 million, according to the Greater Toronto Marketing Alliance. All those people need to live somewhere, and their desire for housing is helping to push prices higher.

The fact that Toronto is regarded as a safe haven for real estate investors concerned about global economic uncertainty has also contributed to strong demand, and therefore higher pricing.

"Property values in a growing metropolitan area are a function of location, location, location," says Markus Moos, associate director of the University of Waterloo's School of Planning. "The highest-valued locations are closest to where people want to congregate, and land values elsewhere are determined relative to having access to these centres."

Bottom line: a multitude of factors are contributing to higher housing prices — at least in more desirable neighbourhoods and communities. Contrary to what some might believe, however, a lack of available land for development isn't one of the culprits. "That's simply not the case," says Friends of the Greenbelt CEO Burkhard Mausberg.

It certainly hasn't been the case in the past for the Toronto region, long before the idea of the Growth Plan and Greenbelt were introduced in Ontario. Between 1986 and 1989, for example, new-house prices in the Toronto area more than doubled.

A similar boom occurred in the early 1970s, when the price of an average house lot rose 40 per cent more than



NAKITA KRUCKER/TORONTO STAR

House prices in Toronto have risen 165 per cent over the past decade, which is still less than the increases in Winnipeg, Calgary and Edmonton.

**"We're not building the kinds of housing we need in the places where we should be building it."**

CHERISE BURDA  
DIRECTOR OF THE RYERSON CITY BUILDING INSTITUTE

the rate of inflation. Federal and provincial governments, concerned about the social and political implications this might have, appointed a task force to examine the extreme short-term housing price increases.

There are some people who contend that the province's Growth Plan and the Greenbelt have constrained the availability of developable lands, resulting in drastic reductions in the number of new homes allowed to be built in the GGH. Amid ceaseless demand for real estate, prices are soaring.

The Neptis Foundation earlier this month provided a resounding and definitive counterpoint to this claim, making headlines with a study showing that only 20 per cent of the 107,000 hectares of land across the GGH designated for greenfield de-

velopment (or, development on unused sites) has actually been built on since the Growth Plan and Greenbelt were implemented a decade ago.

That means nearly 80 per cent of the land set aside in the GGH for single-family dwellings, semis and townhomes is still available for development; a 1,500-square-kilometre supply — enough to build five more Mississaugas or 11 more Oakvilles — that Neptis forecasts will last another 15 years at least.

"The Greenbelt is not causing a restriction in land supply," says the foundation's executive director Mary Burdfield. "This research proves that's a false argument."

Yet that false argument itself could be responsible for leading to price increases. A perceived shortage of development-ready land for single-family housing may lead some property owners to withhold lots for sale in the hopes of fetching higher returns in the future.

Development charges paid by builders to municipalities are also going up, and these rising costs are passed down to those purchasing

homes, worsening affordability issues.

It's worth noting that price increases are not a phenomenon limited to the GGH. Canadian cities such as Winnipeg (+192 per cent), Calgary (+183 per cent) and Edmonton (+181 per cent) — all which have no greenbelts in their immediate vicinities — have seen greater spikes in house prices over the past decade than Toronto (165 per cent).

Nor is it limited to Canada. At a glance, Berlin's land prices doubled from 2014 to 2015; Japan's condos are 26 per cent pricier in 2016 than they were in 2013; and house prices in Chicago soared by 43 per cent between 2012 and 2016.

The scarcity of affordable single-family housing stock in the GGHs established neighbourhoods has caused demand to shift to comparatively more affordable multi-unit product like mid-rise condos, often located in complete communities that are served by transit, retail and other amenities.

The Pembina study found areas like these to be a growing preference, with 80 per cent of residents saying

they would give up a large home and yard to live in a "location-efficient" neighbourhood that is transit-friendly, walkable and offers shorter commute times.

This is the path forward for sustainability that the province envisioned when it implemented the Growth Plan a decade ago.

Problem is, there's currently a dearth of multi-family housing in most markets across the GGH to help balance out the affordability equation.

Cherise Burda, director of the Ryerson City Building Institute, refers to this as the "missing middle": a lack of suitable family-housing options, like mid-rise condos and townhouses, in the transit-oriented areas that are being targeted for intensification. "We're not building the kinds of housing we need in the places where we should be building it," she says.

Adding to the complications, she points out, many of the locations targeted for intensification are still zoned for two or three-storey buildings. "That's a major obstacle to building complete communities with affordable housing options."

## Tomorrow's town draws inspiration from the past

Complete communities served by transit and stores is Growth Plan's ideal future

RYAN STARR  
SPECIAL TO THE STAR

Adam Rodricks, 28, and his fiancée live in Ajax but work in downtown Toronto. So it was essential that the home they recently bought be close to the local GO station. "Proximity to public transit was critical," Rodricks says. "It was a make-or-break factor in our decision."

They also wanted to live in an area where they could access shops and services, schools and parks with ease. "It was key that we were located in a well-developed community, close to the places we like to frequent," Rodricks says.

In seeking a vibrant, transit-oriented place to live and play, he and his fiancée reflect the evolving needs and desires of residents across the Greater Golden Horseshoe (GGH). From millennials like them, to young families and senior citizens.

"There's a growing propensity toward people wanting to live in places

where there are stores and services, close to good jobs and served by transit, so it's easier to get around," says Cherise Burda, director of the Ryerson City Building Institute.

"That's not to say we won't keep building homes on the suburban periphery. But there's a limit to how long you can continue to do that."

Ontario's Growth Plan helped to spur a smarter way of developing our cities. And in many ways, the ideal communities it envisions for the future are a throwback to the past: places that are more village-like and compact, with a variety of housing types, from detached homes and stacked townhouses to mid-rise and high-rise condos. These forward-focused urban centres are mixed-use, incorporating retail and employment spaces alongside residential development.

They are complete communities served by multiple transit options and equipped with an array of retail and amenities to provide residents with everything they need in a single location. The resulting steady stream of people and activity creates a more vibrant and animated street life,



Adam Rodricks and his fiancée's choice to buy a home near a GO station reflects the demands of young residents.

making these areas more enjoyable places to spend time for folks such as Rodricks and his family and friends.

Holistic complete communities cost less for municipalities to service when it comes to infrastructure.

They're also more equitable from a socio-economic perspective, enabling residents to evolve and age in place, something Neptis Foundation executive director Mary Burdfield notes is currently "impossible" in

many of the GGH's car-dependent suburban centres.

"We've been building suburbs the way we've been building them for a long time," she says. "And it's always hard to shift the status quo."

## Enough food for everyone...possible

The Greenbelt is home to some of the most productive agricultural land in Ontario, and by permanently protecting our farmland we are building a resilient, food secure future for the Greater Golden Horseshoe.

To learn more visit [greenbelt.ca](http://greenbelt.ca) or check out #ONGreenbelt.



Possibility grows here.