



Centre for Urban Research and Land Development

Governments in Ontario Making Headway in Using Surplus Lands for Housing

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Report Prepared by:

David Amborski

Director, CUR

and

Diana Petramala

Senior Researcher, CUR

with research assistance from:

Alex Butler

Andrew Zaduban

Candace Safonovs

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Contact

Centre for Urban Research and Land Development,
Ryerson University
111 Gerrard St. East, 3rd Floor, GER 204-D, Toronto, ON
E-mail: cur@ryerson.ca
Phone: 416-979-5000 ext 3348

According to the 2016 Census, 27.6% of Ontario households were spending more than 30% of their income on housing – the benchmark for what is considered “affordable housing” (see Figure 1). Ontario had the highest share of households living in unaffordable housing in comparison to most other Canadian provinces with the exception of British Columbia. Cities in Ontario were also grappling with long and growing wait lists for subsidized housing. In 2018, the cities of Toronto, Ottawa and Hamilton respectively had 98,000, 10,000 and 6,860 households on the waiting list for subsidized housing.

To tackle the affordability issue, governments at all levels have turned to the use of public surplus lands to build affordable housing, either through putting up the land for sale or by leasing it out for development. In this report, we provide a snapshot of how governments have been using surplus lands to increase the supply of housing.

The examples presented in this report show that ramping up the use of public surplus lands, if done appropriately, can help ease the province’s affordable housing challenge.

What are public surplus lands and how to use them?

Surplus public lands refer to land, either vacant or underutilized, that is no longer needed to deliver government goods and services (Infrastructure Ontario). Underutilized land includes land which is in use, but that has the potential for more productive uses, such as built out sites where the building is not fully occupied, or sites with a relatively large footprint with low-density structures built on it.

Governments have three options in putting this land to good use. The first is to sell it at market value and use the proceeds as a source of revenue. The second option is to sell the land below market value in exchange for the provision of affordable housing units. The third option is to lease the land to a

developer and/or non-profit organization, subject to the agreement that they will provide a number of affordable housing units. In options two and three, the developer of the land usually agrees to make some portion of the development affordable housing, or to create below-market housing.

Looking beyond Ontario’s borders, we can find a few examples of governments using surplus/ underutilized lands to provide affordable housing. New York City’s former mayor Michael Bloomberg created a program (New Housing MarketPlace Plan) that built and refurbished over 165,000 affordable (below-market) housing units in an 11-year period (2003 to 2014) across a city that matches Toronto in geographic size. Through this plan, the City of New York provided surplus government land for development at well below market value, including selling vacant lands for \$1 to \$4 a piece in Brooklyn for re-development (The Real Deal, 2011). A successful example from the program includes Via Verde, an award winning 222-unit affordable housing project in the Bronx, completed in 2012. There were 151 rental units for low income households and 71 co-ops for middle-income households built as part of this project. Through the New York City Housing MarketPlace Plan, the City of New York provided subsidies, tax incentives and underutilized land for the development.

Figure 1: % of Households Who Spend More than 30% of Income on Shelter Costs, Provinces, 2016

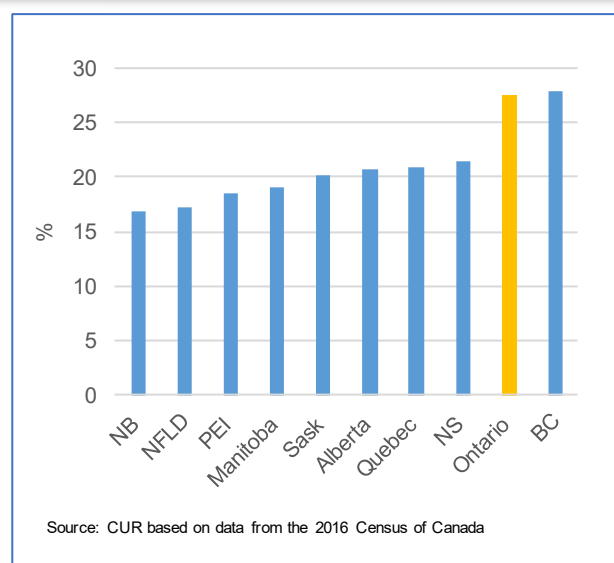
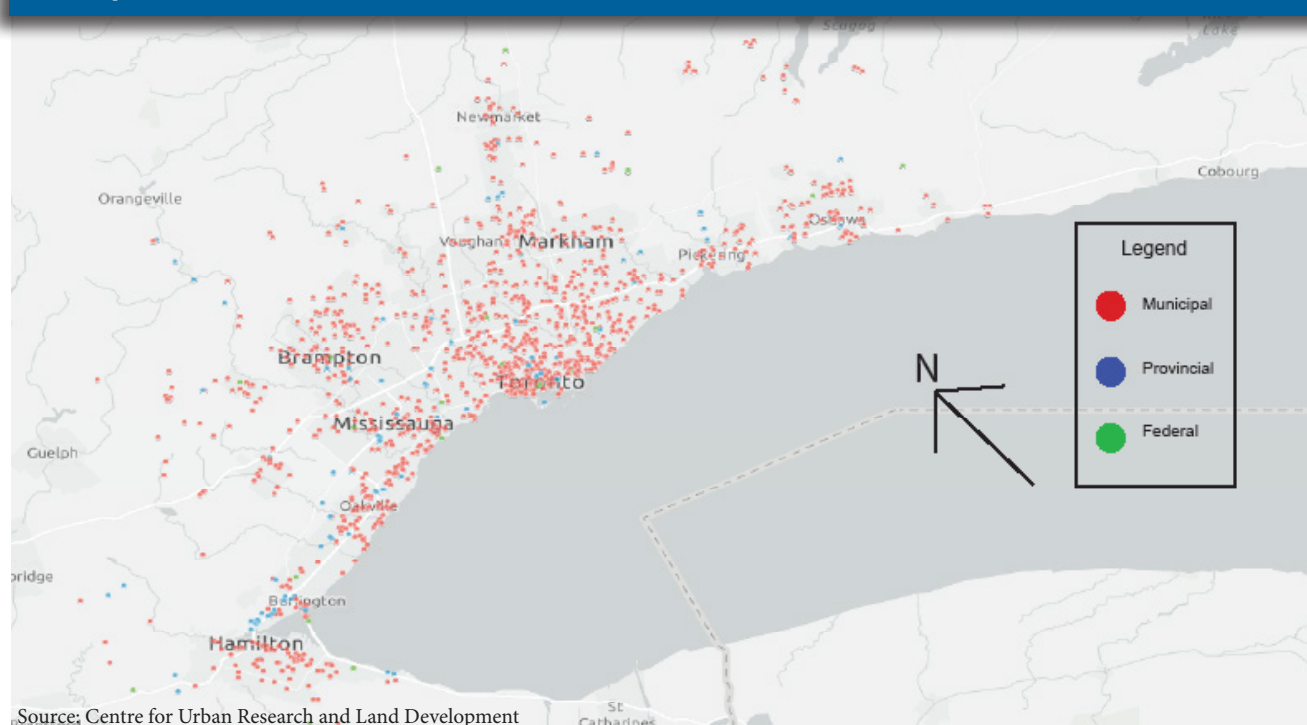


Figure 2: CUR Map of Government-Owned Lands in the GTHA, Federal, Provincial and Municipal, 2016



The City of Vancouver established the Vancouver Affordable Housing Agency (VAHA) to leverage government-owned land to build affordable housing. The agency works with the private sector and provincial government agencies to provide land, incentives and financing for projects. VAHA's initial goal was to build 2,500 affordable units by 2021, and it currently has 2,288 units under development (VAHA.ca). One of its major initiatives was to build 1,000 units on seven parcels of lands for households with an income between \$30,000 and \$80,000 annually, thus using the full extent of this land for affordable housing (City of Vancouver).

Taking stock of public land in Ontario

Research from the University of Toronto School of Public Policy noted that there is very little we know about the ownership of public-owned-land across major urban cities in North America (Eidelman, 2015). However, there have been many attempts to build an inventory of public land in Ontario by analyzing government documents.

The University of Toronto School of Public Policy analyzed government documents across Ontario to compile an inventory of government owned land in 2015. Their research found that the City of Toronto alone owned 4,800 properties, half of which were vacant at that time (Eidelman, 2015 and the City of Toronto, 2011).

Meanwhile, the Ryerson University Centre for Urban Research and Land Development (CUR) reviewed government-owned lands across the Greater Golden Horseshoe in 2016. The exercise identified 5,900 properties across the region that are owned by the federal, provincial and municipal governments (see Figure 2).

CUR's analysis of the City of Toronto's research identified 125 properties the City has deemed as surplus since 2015 – some of which are too small for development. Still, many others could be used to provide increased housing (CUR, based on City of Toronto Real Estate Services data).

Combining the number of surplus properties with the information from the University of Toronto Report suggests that there are still 2,000 properties that could potentially be considered for use for housing purposes within the City of Toronto alone.

Surplus land being put to use in Ontario

Governments in Ontario have recently made an effort to put some of their vacant land to good use. Some recent examples show that by providing surplus land, governments in Ontario can help alleviate the housing shortage faced by the region.

Figure 3 highlights the sale or lease of government lands, both at the provincial and the municipal level, that have recently been used for housing projects across Ontario. It shows the number of units per acre that have been planned for, or already built, on former provincial and municipal lands. It also shows that these lands, particularly those located in urban centres, have significant room for a range of housing from gentle-to-high density development. Developments on these surplus lands could range from low-rise and townhouse developments (around 20 to 30 units per acre) to over 200 units per acre in denser developments.

Examples of the use of provincial lands for housing

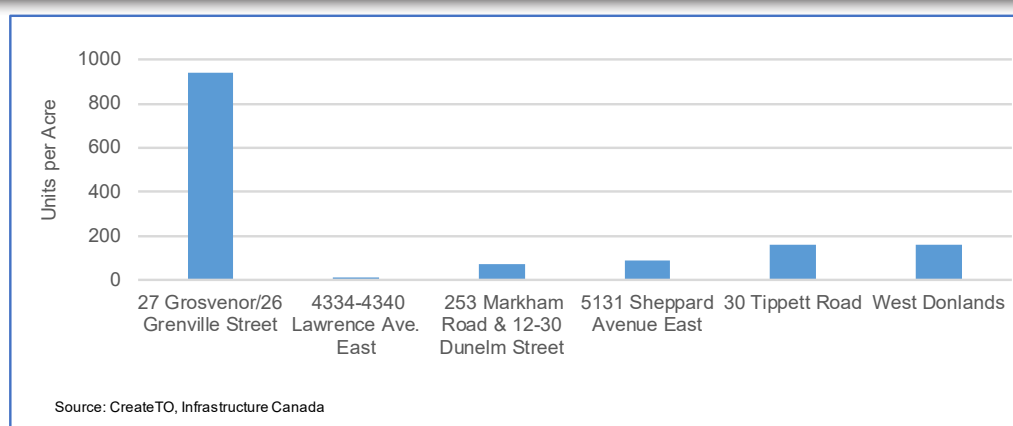
In 2017, the Ontario Government released three parcels of land (almost 10 acres combined) through its Affordable Housing Program. The program's first phase, (a pilot program), included several properties in the City of Toronto, including the West Don Lands as well as the properties at 27 Grosvenor/26 Grenville

Streets. The West Don Lands sites have been allocated to developers on a 99-leasehold basis to ensure the Province maintains ownership, and they are under development for mixed-use communities. Plans are to build 2,000 units (200 units per acre), 30% of which will be dedicated to affordable housing (roughly 600 units). The underutilized site at 27 Grosvenor/26 Grenville Street was sold at below market value and rezoned for 844 rental units (of which 257 will be affordable rentals) on just under one acre of land.

27 Grosvenor/26 Grenville



Figure 3: Number of Units Built or Proposed on the Lease or Sale of Provincial and Municipal Government Surplus Lands in the City of Toronto



In December 2018, the new Conservative Ontario Government identified 243 pieces of land (14,600 acres) to be sold at market value over a four-year period for the development of housing and long-term care facilities. Stage 1 kicked off last year, with Infrastructure Ontario listing 14 parcels of land for sale, for a total of 163 acres. This included land from an old Psychiatric Hospital in London Ontario (which has already been sold), an old community centre in North York and a parking lot located by the Scotiabank Centre in Toronto. The development potential of these lands could be significant. Even if only low-rise developments were built on all 14,600 acres, this could add up to space for a minimum of 300,000 units, not accounting for the space needed for public amenities. However, the properties are being sold at market value, which lessens the probability that new units will be affordable. These sales represent a lost opportunity to provide below-market housing.

The sale by the Province of 2.77 acres near a future GO Train Station in Hamilton demonstrates that even properties outside of Toronto have the potential for increased density. The plan is to turn this parcel of land into a 6-storey development with 151 units. While developments outside of the City of Toronto typically result in less density, this initiative is still projected to offer a density of almost 55 units per acre.

One recent example of a provincial agency using underutilized lands to provide increased housing includes the redevelopment of North Toronto Collegiate, part of the Toronto District School Board (see Figure 4). The school was in need of renovations, but also had some unused development potential. Consequently, a deal was struck with a private developer who was given the unused space to build condominiums in exchange for a significant contribution to the rebuilding of the school. The developer built two towers (24 and 27 stories) with 472 units in addition to some joint facilities for the school and new residents.

Another example is the redevelopment of the David and Mary Thomson Collegiate Institute in Scarborough. The implementation of this project has been controversial, but the concept offers an

example of where to find surplus lands and how to use them. Three under-enrolled schools sat on 15-hectares of land. In this project, the three schools were rolled into one, and the remaining surplus lands were sold for residential development (John Lorinc, 2019).

The sale of the LCBO headquarters and warehouse by the waterfront to a private developer was also meant to put underutilized land to good use. The LCBO will lease back its space in the new development, and the developer is building almost 1,500 housing units on the remaining 11 acres of land.

Figure 4: Toronto North Collegiate School, Before and After Redevelopment

Before



After



Source: Retrieved from Flickr.ca and aar.ca on February 28, 2018

Examples of the use of municipal lands for housing

CreateTO, the City of Toronto's agency in charge of managing its real estate, along with the former Build Toronto, has put up more than 50 properties for development since its creation (see Figure 5). Sold projects range from a low-rise development in the City of Toronto's west end that will provide 63 low-rise units (including 32 affordable ownership units) on 1.2 acres of land (52 units per acre) to a high-rise development near the Kipling subway station that will see the development of 900 units on 5.6 acres of land (161 units per acre). By CUR's estimates, CreateTO still has some 210 acres of land for sale or lease, 124 acres of which is already zoned for mixed-use or residential. CreateTO projects have historically provided a density of between 100 and 200 units per acre. This implies there is potential for a further 12,400 to 24,800 housing units to be built on the land available for sale by CreateTO. The majority of these properties are being sold at market value, however, with no provision for affordable housing.

More recently, eleven properties (three that were already on the CreateTO list) have been approved by City Council for inclusion as part of the recently approved "Housing Now" program. The initiative itself plans to develop 40,000 affordable housing units over

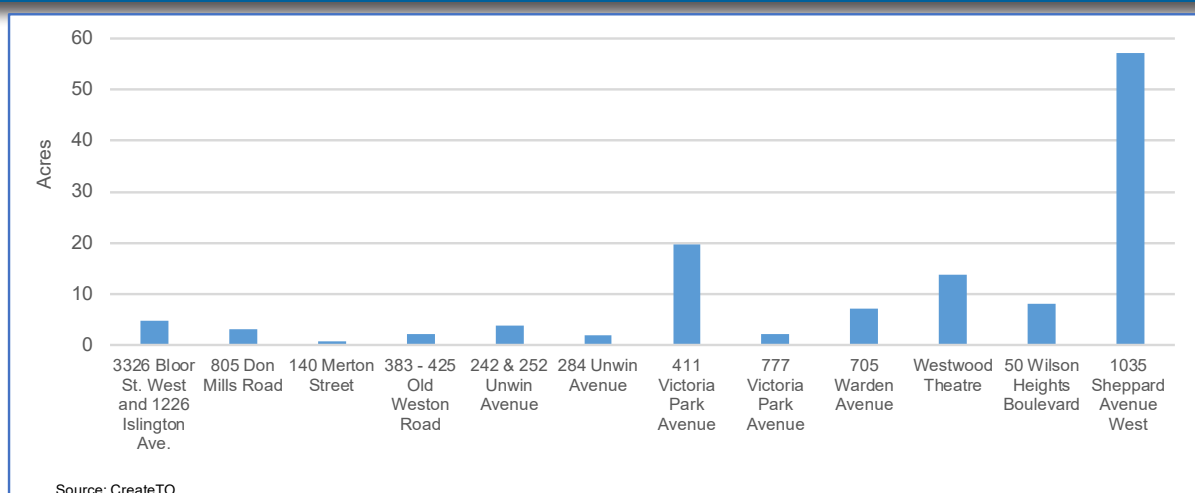
12 years. The City plans to develop 10,000 units on the first 11 sites being offered into the program. These lands are to be developed on a leasehold basis in collaboration with the private sector to deliver both market and below market housing. Of the units delivered, 30% will have to be affordable (below-market housing) to be eligible for this program. The program also helps speed up the development process with faster approval timelines and exempt fees, such as development charges and building permit fees, to make the project viable (Gaden, 2018).

The City of London has created a similar program, Housing Development Corporation (HDC), through which the city can transfer surplus lands to be used for housing. Proposed projects include a variety of medium density and mixed-income developments that range from 30 units to over 80 units a site. There are currently 219 units under construction in this project and 95 have been completed since its inception in 2015.

Examples of the use of federal lands for housing

The Downsview Lands (formerly a military base) in the City of Toronto (571 acres) and Wateridge Village (formerly an air force base) in Ottawa (371 acres) are two examples of federal surplus lands being used to develop mixed-use communities. Victoria Village in St. Catharines (14 acres) is an old Transport

Figure 5: Examples of Properties for Sale by CreateTO, by Number of Acres, City of Toronto, as of February 2019



Canada property that has been opened up for a low-rise development of 119 units.

The Federal Government has created a \$200 million fund through its National Housing Strategy that supports the transfer of federal surplus lands to eligible proponents, which includes non-profit and community organizations, as well as provincial and municipal governments. This federal land has been designated for eligible affordable rental and ownership housing projects, including mixed-income, supportive and socially inclusive housing. The program was announced in 2018, though its implementation will begin in 2019.

Room for opportunity

While all levels of government have made a significant amount of surplus lands available for development, there is still room for opportunity.

School boards may have surplus site development opportunities that are going untapped. For example, the York Region School Board has sold underutilized school sites in Aurora and Newmarket. In both cases these sites were well located in the centre of the towns and would have been a good opportunity for the provision of affordable housing.

Another opportunity to explore is the land occupied by surface parking lots. The Toronto Region Board of Trade looked at the development potential of 180 parking lots across Toronto. The report showed that by allowing air rights to be used for development, the City could generate more than 10-times the amount of property tax revenue through the development of these properties as opposed to the revenue generated through holding them as parking lots (Board of Trade, 2016). The Toronto Region Board of Trade report looked at using the parking lots for commercial use, but the same argument could be made for using them for residential developments.

LCBO locations may also provide some opportunities for development (see Figure 6). For example, the LCBO at 226 Front Street is a one-storey building on land owned by the province, surrounded by high-rises. The province mostly leases the real estate for its stores in more densely developed areas. Still, the LCBO is a sought after

tenant with a great deal of bargaining power to ask for additional floors for housing. One example to explore is the 1654 Queen Street East location in Toronto. This location was recently renovated as a one-storey LCBO located on the 501 Queen Street streetcar line.

Some examples of one-storey LCBOs being redeveloped into mixed-use or residential

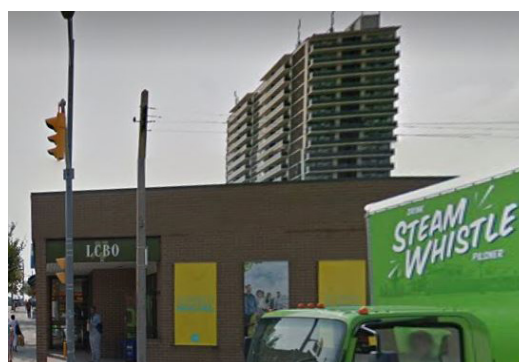
Figure 6: Examples of LCBOs Prime for More Development in Toronto



King
and
Spadina



226 Front
Street East



908 St
Clair
Avenue



1654
Queen
Street
East

Source: Retrieved From Google Maps as of February 28, 2019

developments include the King and Spadina location in Toronto and a location in the St. Clair Avenue West neighbourhood, which is directly off the 512 streetcar line. Further investigation of the use of LCBO lands in communities across Ontario could be included in the Provincial Government's Housing Supply Action Plan.

Downsview Park (different to Downsview Lands) is another example of underutilized Federal Lands. Downsview Park (291 acres) is mostly being used for low-rise recreational purposes, which can easily be continued alongside residential development through some safeguarding against noise and traffic.

Conclusion and Policy

Recommendations

The purpose of this report was to show the potential impact that using public surplus land could have in creating room to build a range of housing options, including market and below-market affordable housing. Public lands are a good opportunity to find space for higher density developments, depending on location. Many of the completed programs listed above, however, represent a missed opportunity for delivering affordable housing. These developments were mostly sold at market value, with no provision for the delivery of affordable housing. The best route for offering affordable housing is by selling the land at below market value, or by leasing the land, with the requirement for below-market housing.

Overall, all levels of government still have a significant amount of land that can be used for redevelopment and affordable housing. Slowly redeveloping this land opens up the potential for the creation of a number affordable housing units, in a mix of housing types. To unlock this potential, CUR recommends that governments:

- Provide a detailed inventory of public lands owned across the province. Much information is known about the City of Toronto, but other communities in Ontario may have more development potential.
- Identify surplus government lands and their development potential more broadly across

municipalities in Ontario. This will require analysis by an organization such as a housing agency to identify the opportunities.

- Identify underutilized lands owned or tenanted by crown corporations and other government agencies, such as the LCBO and Toronto District School Board, that could be leveraged for mixed-use communities, including affordable housing.
- Utilize land leasing of surplus land to private and non-profit developers in order to develop affordable housing that can be mandated to remain affordable in accordance with the terms identified in the lease (Balluch et al., 2019).
- Identify a means for municipalities to weigh the costs and benefits of selling the land at market value versus selling the property at below market value in exchange for the provision of affordable housing. While governments may lose some capital gain on the sale of surplus lands at below market prices, they would also gain affordable housing that can help them trim down their waiting lists.
- Earmark some of the gains made from market-value sales of surplus lands towards affordable housing projects.

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