



Harnessing the Power of the Private Sector for Long-Term Community Growth and Success

Presentation by:

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Scope of My Comments

- **Brief background on CUR**
- **How economics can help for better urban policy making including infrastructure planning**
- **The critical role played by the private business sector for effective urban policy-making**
- **Understanding the private business sector**
- **Illustrations of planners/politicians paying insufficient attention to the private business sector**
- **Illustrations of planners/politicians actively harnessing the power of the private business sector**
- **Concluding remarks**

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Brief Background on CUR

- A research centre dedicated to bettering urban policy decision-making within the Toronto region – part of Ryerson University’s “city building” mandate
- Harnessing the power of the real estate industry (broadly defined) for the economic well-being of the Toronto region and its residents
- Raising the profile of economics in the analysis and evaluation of urban policies through research and education
- Funded largely by the real estate building development/building industry – guided by a broadly-based advisory committee

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How Economics Can Help Better Urban Policy Making

- **An understanding of markets and price determination**
- **An understanding of how industries and their member firms think and operate**
- **Benefit-cost analysis – an comprehensive analytical framework for policy analysis focusing on the desired and unintended consequences of alternative policy options/interventions**

The Critical Role Played by the Private Business Sector in Effective Urban Policy Making

- **Government provides planning/urban policy framework and private sector implements**
- **Important for future success – private sector a partner, not the enemy**
- **Involvement of private sector firms – includes general business community – developers/builders/investors important subset – key for successful implementation**

Understanding the Private Business Sector

- **Profit generation – front and centre**
- **Profit expectations – a function of expected revenues and costs, profits/returns from investing in other sectors/projects, and assessment of relative risks – long-term perspective**
- **Certainty is positive – uncertainty is bad – flexibility important**
- **Not all private business the same – different goals, operating styles, financial resources, expertise, commitment, trustworthiness**

Illustrations of Planners/Politicians Paying Insufficient Attention to the Private Business Sector Response When Urban Policy Making

- **Municipality creates serviced industrial/business park in hope of attracting businesses – “supply creates demand” – land sits empty indefinitely – needed to part of realistic economic development strategy**
- **Urban renewal in downtown Winnipeg in the 1960s – limited private sector demand – enormous land area in study area – policies didn’t reflect this disparity**
- **Government subsidizes development of an inner city shopping centre – lack of profitable business – retail tenants leave once leases up – centre falls into disrepair**

Illustrations of Insufficient Attention to the Private Business Sector Response Continued...

- **City of Toronto – green roofs on new industrial buildings/LEED quality for new buildings – no consideration of added business costs and user reaction to higher rents/prices**
- **Creation of greenbelt restricting supply of greenfield land in Toronto region – no consideration of impacts on land prices, supply of serviced lots – result: rising price gap between singles and condo apts., deteriorating affordability and shrinking diversity in new housing built**
- **Ontario municipalities – retaining large amounts of marginal obsolete industrial areas in hope of revitalization for industrial uses – vast tracts remain vacant or underutilized while other problems fester**

Illustrations of Planners/Politicians Harnessing the Power of the Private Business Sector

- Using the power of expropriation to achieve urban policy goals like creation of a viable central core – Kitchener and Ajax
- The Kings areas of Toronto – former industrial areas with zoning changed to mixed use near downtown
- Using two tier development charges to encourage new multiple housing in downtown Kitchener, London, Waterloo
- Waterfront Toronto – the regeneration of huge areas of obsolete industrial lands into viable mixed use communities developed by private sector – recognized around world for “green” and neat amenities (but development function like government, not private developer)

Illustrations of Harnessing the Power of the Private Business Sector Continued...

- **Attracting the Toyota auto plant to Woodstock, Ontario – last major assembly plant built in Ontario – fast tracked, expropriation used, subsidies**
- **Metrolinx (GTA level transit agency) – proposal for joint mixed-use development around GO station in Mississauga**
- **Use of P3's or joint development for redevelopment of older public housing projects – Regent Park/Lawrence Heights in Toronto (no benefit-cost analyses however)**

Concluding Remarks

- **Encourage and Incorporate business input into the formulation of land use plans/urban policies**
- **Systematically assess the expected business reactions to plans/projects/policies – both positive and negative**
- **Have solid understanding of the business community and individual businesses to determine the extent of common goals and approaches – would they be a good fit for the municipality?**
- **Select businesses to work with that share common goals and approaches**
- **Focus on making regulatory and tax environment friendlier to businesses (reducing costs and uncertainty) – subsidies including property tax holidays or exemptions used only as a last resort**