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also p 3 of Part II*

2 NOVEMBER 1989

TORONTO MUST AVOID BECOMING

"A TALE OF TWO CITIES"

A Labour Council policy paper dealing with
industrial lands and housing

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TORUNTO MUST AVOID BECOMING "A TALE OF TWO CITIES"

INTRODUCTION

Residents of the Greater Toronto Area need:

- housing that is affordable to them,
- good-paying jobs, and
- a healthy environment

Each of these requirements of living must be available to residents within each of the cities and towns that comprise the area, in order for each to have a healthy economy and livable communities.

Land use decisions and economic development support by municipal governments play a key role in meeting (or not meeting) these needs.

Land speculators make great profit by having land re-zoned from "industrial" to high-priced "residential" and "commercial" use. To gain support, they use public sentiment to pit our housing needs against our job needs. Further, they try to dis-empower people by convincing us that the replacement of industrial jobs with service sector jobs is something we can do nothing about. They are wrong. The truth is that speculators profit from the chaotic trading in land as a profit-making commodity. Speculators do not want governments to intervene to ensure the use of land for the good of the overall community as it will interfere with their ability to play unregulated "monopoly".

While monster homes and luxury condominiums flourish, the higher paying manufacturing jobs are disappearing. Certain sectors of Toronto are making money hand-over-fist. More and more of our public assets are being devoted to the welfare of the wealthy. With points of view based on their income, they buy up the high-priced homes and mobilize public resources to arrange the toys to go along with them.

They see no problem pulling together the resources to build the SkyDome or a Ballet Opera House; or to stage the Olympics or a World Fair. They have no interest, however, in finding the ways to prevent 85,000 Toronto households from being forced to rely on food-banks each month. They have no interest in facing the challenge of the housing crisis or of cleaning up our polluted waters, poisoned lands and toxic air.

The people with their hands on the levers of power in this city have their priorities all wrong. Their priorities are self-serving.

It is a time to take action:

- a time to put our resources into resolving the housing crisis;
- a time to act to retain good-paying, industrial jobs;
- a time to act aggressively to clean up and to protect our environment.

PART ONE: INDUSTRIAL LANDS

A) THE IMPORTANCE OF RETAINING OUR INDUSTRIAL LAND BASE

Metropolitan Toronto has seen a constant decline in the number of industrial and manufacturing jobs. Manufacturing jobs in Metro declined from 367,114 in 1970 to 257,038 in 1987. From 1981 to 1984, Metro lost twelve large industrial firms involving 11,000 jobs. The City of Toronto has been suffering the greatest of Metro's losses: it lost 50,000 manufacturing jobs between 1959 and 1989. In 1989, plant shutdowns have been announced that will remove another 2,500 jobs from this City's economy -- out of only 48,000 remaining manufacturing jobs. Etobicoke, Scarborough, North York and East York have also been heavily hit.

Manufacturing and Industrial jobs are crucial to a healthy city economy.

First, they ensure a diversified economy to protect against a downturn in any particular sector. The stock market shocks

of Black Monday, 1987 and October 13, 1989 bring home how precarious it is to become a company town of financial and banking services as opposed to a balanced economy.

Second, every dollar spent in industry has a multiplier effect stronger than any other sector of the economy. In 1980, for every \$100.00 in new spending in the service sector, an additional \$85.00 in new production was created. In manufacturing, an additional \$190.00 new production was created. Industrial manufacturing jobs produce value-added commodities which are the decisive underlying factor for a viable and expanding economy.

Third, industrial jobs provide higher wages and better benefits, so workers can afford to live in their city, to spend money to stimulate local business and to pay for local services.

The economic damage and social chaos caused by unfettered market forces must be corrected and prevented by government intervention. There is no guarantee that wealthy people will spend their money so as to create jobs here. Well-paid workers, however, make just enough money to spend it locally on products that we can readily manufacture here, thereby stimulating the economy and creating new jobs.

B) PROBLEMS IN RETAINING INDUSTRY AND INDUSTRIAL LANDS IN METRO

The dramatically rising cost of Metro's industrial lands is driving industry out. Industrial zoning is intended, in part, to help ensure that the cost of land stays at a cost affordable to industry, which generally requires large tracts of land. The average cost of industrial land in the area from Oshawa to Burlington rose 72% from 1987 to 1988.

The inflated housing market has prompted attempts to redesignate portions of industrial areas. Municipal governments have tolerated creeping commercialization and service activities in industrial areas. They have re-defined industrial zoning definitions so that the definition itself undermines the integrity of industrial areas. Municipal

governments have moved from the traditional definition of industry which involved manufacturing, warehousing and processing -- to legitimize the use of industrial lands by commercial and service interests.

Data processing is a prime example. In some cases, such as with Toronto's Massey Lands 'industrial' has been stretched so far as to include employment agencies, typing and telephone answering services, window cleaners, computer sales and service, ballet and barber schools.

The above formal and informal ways of turning industrial land over to commercial, service and residential use is driving up industrial land prices and fueling speculation that more industrial land will be re-zoned in time. Consequently, land speculators are buying and holding onto industrial land, leaving it vacant or under-developed, in hope of reaping great profit by eventually achieving zoning changes.

As the demand for industrial land for uses other than industry rises, the prices rise and the supply of land available for industry is fast disappearing. At present rates of absorption, we can expect a severe shortage of industrial land in Metro within 4 to 5 years.

While various factors have been at work in Metro's loss of manufacturing jobs, the effects of the free trade agreement with the United States are also now being seen. Already, free trade "restructuring" has shifted jobs south of the border, further eroding industrial jobs and bringing pressure to the release even more of Metro's industrial lands.

C) STRATEGIES FOR INDUSTRIAL LANDS

The Labour Council reinforces its traditional call for the retention of industrial lands. We recognize, however, two potential problems with a simple blanket approach to this issue. First: without a clear strategy, the Ontario Municipal Board (OMB) may be likely to rule in

favour of developers' appeals against zoning decisions of municipal Councils. Second: there are occasional small tracts of industrial land which are not being used for industry and which have become clearly unsuitable for it. (Note: refer to page 7 under 'Metro-Wide Lands' for processes to be followed regarding lands not in actual industrial use.)

On the other hand, history shows us that once industrial land is re-zoned for other uses, it is gone forever. So our strategy must be very tight in the criteria that will allow for the forfeiture of any industrial land through re-zoning.. Further, nearly 70% of the City of Toronto's industrial buildings were built before 1940. As these industries face the need to modernize, we must have other industrial lands available for their re-location where necessary.

WHAT CAN WE DO TO RETAIN AND RE-CREATE OUR INDUSTRIAL MANUFACTURING BASE?

- 1) MUNICIPAL GOVERNMENTS MUST DEVELOP CLEAR STRATEGIES IDENTIFYING THE LANDS THAT THEY WILL RETAIN FOR INDUSTRIAL USE IN ORDER TO SEND A STRONG AND CLEAR MESSAGE TO SPECULATORS THAT THERE IS NO USE BUYING AND DRIVING UP THE COST OF THESE LANDS.

Industrial Port Lands

The 1,200 acre Industrial Port Lands are a prime example of land that must be retained for industry in its entirety. The fact that much of this land remains undeveloped presents the City and Metro with a unique opportunity for action. They can design and develop a series of industrial parks based on stringent criteria. These criteria should include:

- a) creation of as many quality jobs as possible. Labour intensity must be a crucial consideration. Quality must be defined to include decent pay and benefits, decent working conditions and socially useful production.
- b) environmental considerations and compatibility with local communities. Plants must be clean with no noxious or toxic effect.

Further, the placement of industries within the overall industrial area should be done in such a way as to buffer local communities from the noisier industries, from those with greater volumes of truck traffic, from any unpleasant odours or sights, from those with 24 hour operations, etc.

- c) design considerations. Some industries can be made more attractive than others. The layout and design of industries throughout the Industrial Port Lands should give consideration to which industries will be most visible to the public enjoying the shoreline and park areas. Layout and design should also maximize the public's ability to view and appreciate industries in operation.
- d) appropriate technologies, namely technologies appropriate to local activities or those involving locally available materials or the local use of their finished products. For example, with so much boating activity in nearby areas, it makes sense to attract relevant industries such as manufacturing and repair facilities for various types and sizes of boats, marine engines and marine supplies. With so much construction and renovation in downtown Toronto, facilities for the recycling of construction materials and for the production of needed new materials like cement would be ideal.
- e) industries that would benefit from a water-front location. For example: those for whom shipping access would reduce the need for trucking, those requiring large volumes of water for processing, cooling and fire protection.

The Industrial Port Lands also provide a unique opportunity to plan and design industries that will:

- research, develop and produce environmental protective equipment and environmental clean-up devices with the potential to create global markets for these needed new technologies; and
- be showcases for industries operating with top quality environmental controls.

The Labour Council will press for the needed government resources to support the development of environmental industries¹ in the Port

¹ 'Environmental industries' means those industries developing products, technologies and/or services that will actively assist in environmental protection or clean up; as well as industries whose production processes and products are friendly to the environment.

Lands. We will continue working to create the impetus in our community for the Port Lands to be developed as a centre for new environmental technologies with which to make Canada a lead innovator and producer. At only 1.4% of gross domestic product, Canada's research and development expenditures rank last among eight major industrial nations and are shameful compared to countries like South Korea. Canada should begin a significant turn-around by committing significant federal and provincial funds to the development of research, development and education centres for environmental technologies in Toronto's Industrial Port Lands.

Metro-Wide Lands

The Labour Council recommends the adoption of an industrial land strategy at the City and Metro levels that will:

- i) identify key areas for industrial preservation;
- ii) protect functioning industries in all areas from speculative pressures by preventing re-zonings of surrounding industrial lands. Such re-zonings increase developers' interest in the functioning industrial land for non-industrial uses.
- iii) Accept the re-zoning of industrial land only as a last resort for industrial lands that have been vacant for a substantial period of time in spite of repeated efforts to attract new industrial operations to it.

Metro and the municipalities must implement a clear strategy intended to keep all industrial lands functional. This strategy must include:

- * assigning sufficient resources to permit Metro and municipal economic development staff to work aggressively to attract new industrial operations to any land, small or large, that becomes vacant.
- * consideration to re-zoning must only be given following the undertaking of a secondary plan process (such as the City of

Toronto's Part II plan process.) The secondary plan process ensures full consideration of the implications of re-zoning on surrounding areas, rather than simply on the specific site.

In the secondary plan process, questions to consider must include:

- a) Is the site part of a functioning or viable industrial area?
- b) Is there a functioning or recently functioning plant? Is there a plant in good enough shape to accommodate industrial uses for some time? Is the site large enough to build a new plant?
- c) Is the area accessible, particularly by public transit, for industrial workers?
- d) Is the area accessible to major arterials, expressways, railways and port facilities for the efficient movement of goods?
- e) What is the importance of the site in maintaining a supply of industrial land adequate to accommodate the industrial jobs needed by the municipal economy?
- f) What is the site's potential impact on the continuing viability of existing or planned industrial development in the vicinity?
- g) Have the land uses changed around the site to the degree that industry is no longer appropriate? e.g. no adequate transportation access for trucks.
- h) Is the industry a non-conforming use? (Note: Non-conforming use means an industry located on non-industrial lands, but which has been permitted to remain because of its continuing operation there.)
- i) If the site proves unsuitable for industrial use, how suitable would the land and its building(s) be for use as artists' studio/residences?
- j) Are the environmental factors such that housing should not be built there? Are they such that there is no industry appropriate to locate there?

As outlined in the Labour Council's companion Housing Paper, any such re-zoned land must either be used for the development of affordable artists' studio residences or for affordable housing.

2. TO REVERSE THE TIDE OF DE-INDUSTRIALIZATION AND TO REGAIN SOME OF OUR LOST INDUSTRIAL JOBS, METRO AND OUR CITIES MUST UNDERTAKE CLEAR AND AGGRESSIVE ACTION INCLUDING:

- a) The creation of City Economic Development Corporations, with appropriate coordinating support from the Metro level.
The Corporations would assist industries in relocating where necessary. They would assume responsibility for finding appropriate tenants or industrial purchasers for vacant industrial lands, including re-developing them where necessary. (In the case of the City of Toronto, this should mean giving a renewed and clear mandate with additional resources to the Toronto Economic Development Corporation.)
- b) The use of the Economic Development Corporations to assist new industries in getting off the ground, to provide support to growth industries, to find new buyers for plants facing closure and to help examine the feasibility of worker buy-outs where appropriate. The corporations could provide seed money and coordinate efforts to obtain investment capital from other sources. Public financial investments in an industry would have to be secured. The corporations would run on a break-even basis. They could also take steps to facilitate and encourage the introduction of new technology in a manner that upgrades the quality of employment offered to workers. These steps might include linking the workers to special training programmes.
- c) Finding ways to remove the speculative factor from the cost of industrial lands in Toronto that discourages industry from locating here and adds to the pressures pushing industry out. Those methods should include:
 - i) the establishment of Industrial Development Funds which municipalities can use to purchase industrial lands, to create municipally-owned industrial parks and to purchase and renovate older industrial buildings to lease at relatively low rates. Leasing of publicly-owned lands is the preferred process. Where it is deemed necessary to sell the

lands to an industrial operation, conditions must be written into the purchase agreement that would serve to ensure that the company will remain in operation creating employment for a sufficient period to make the municipal involvement worthwhile. These conditions should include arrangements as to how the municipality will be able to re-purchase the land without paying a speculative price.

- ii) A commitment that Metro and her municipalities are prepared to take a firm stand that it is not "bonusing" to buy land and lease it, or to sell it with buy-back protection, at a fair industrial price rather than at prices driven artificially high by speculators with other purposes in mind.

To give the region greater flexibility to assist industrial development where it deems appropriate, while either retaining ownership of the land or having contractual buy-back protections, Metro and the cities should immediately apply to the Province to have Metro's industrial lands designated as Community Improvement Areas under the Municipal Act. This would protect against possible legal actions alleging violations of Section 112 of the Municipal Act. (Note: Sec. 112 is rightfully designed to prevent municipalities from engaging in economic warfare with each other in attempt to lure corporations to their area. The Labour Council contends that action is required to counter the special problem Metro Toronto faces with artificially high land prices which are allowing other municipalities to lure our industries away.)

Provincial approval of the Community Improvement Area designation for our industrial lands would be a no-cost way for the province to assist Toronto in retaining and revitalizing its industrial base. Retention of the industrial base is important -- particularly with the high cost of living in Metro. Residents must have access to the higher-paying jobs available in the manufacturing sector to help prevent

Toronto's deterioration into a "Tale of Two Cities". We are now heading towards one city for the wealthy, with a second city for the working poor, and an imported servant-class of people forced to add hours of unpaid stressful travel to their working day to come in from the distant areas where they can afford to live.

- iii) a lot levy system that would apply to any lands re-zoned from industrial for other development (except artists' studio/residences or affordable housing). This would mostly be applicable where the Ontario Municipal Board overturns the zoning decisions of municipal governments. The levies would be set according to the planned density of development on the parcel in question. The levy would be calculated so as to have a neutral effect on land prices by effectively taxing the developer for the value of the increase in income that he would realize from the added density over the industrial level. Any funds collected in this manner should be assigned to the Industrial Development Fund.
 - iv) increased municipal government pressure on the province to impose a land speculation tax that would apply to all industrial and developable lands (as well as to non-owner occupied residences and apartment buildings).
 - v) preventing land speculators from keeping industrial land vacant or under-utilized by moving to expropriate the land at a price in keeping with industrial use. Such expropriated industrial lands would be used for municipal land-banking purposes.
- d) A return by municipalities to the traditional definition of industrial zoning: to mean manufacturing, processing and warehousing. Commercial and service activities do not provide the community with the same economic advantages that traditional industries provide.

Should municipalities refuse to return to the traditional definition, they should develop a zoning specific to 'manufacturing and processing'.

- e) Seeking provincial action to allow municipalities to use the municipal business tax to be used as a tool for economic development.

This is another tool of industrial strategy that municipal governments could use at no cost from the province. For example, in 1990, parking lots in Toronto will pay business tax at a 25% rate, whereas manufacturing industries will pay at a 60% to 75% rate. The result is that parking lot development is effectively encouraged by the provincially set tax rates. Municipalities should be empowered to adjust the rate at which business tax is paid as a tool of their industrial strategy. The change should, in fact, be to a system based on profits made.

(Note: the municipal business tax is separate from the property taxes paid by businesses. This is made explicit as the Labour Council's long-standing policy on municipal taxes opposes the use of property taxes to finance non-property related services, such as education and social services.)

Artists' Studios

Rising land costs have also squeezed Toronto's artists out of many of their studios.

Industrial lands that are re-zoned should first be considered for possible use as artists' studio/residences. Otherwise, early priority must be given to the construction of artists' studio/residence on public lands. Consideration should be given to the fact that some artists work with toxic substances and, consequently should have the option of living away from their workspace. Possibilities include publicly owned co-operatively used workspaces. Such workplace production studios located apart from residences may well be appropriately located on industrial lands.

The Executive Board and the Municipal Committee recommend that the Labour Council initiate a campaign to heighten public awareness and political support for the retention of Toronto's manufacturing base through the adoption of the above policy.

NOTE: This policy paper on industrial lands should be read in conjunction with its companion policy paper "Creating Affordable Housing".

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PART TWO: CREATING AFFORDABLE HOUSING

The term "affordable housing" creates negative images in the minds of many members of the public. "Affordable housing" can be well-designed, well-maintained and a source of pride for communities. All "affordable housing" really means is ensuring that every community household has access to quality housing which will consume less than 30% of their gross income. One-third of all tenant households in Toronto now pay more than 30% of their income on rent. With the average sale cost of houses at \$250,000 today, and the average two-bedroom apartment renting in the \$1,000 per month range, three-quarters of Toronto's population are forced well beyond their financial limits. Some are the working poor who are forced to rely on foodbanks. Some are forced into shelters, others onto the streets.

Aging and the declining size of households will result in a need for an additional 209,000 units of housing (8,360 annually) in Metro by 2011 simply to accommodate our existing population levels.

Affordable housing is also an important factor in retaining industry. Where workers face high housing costs in the residential areas accessible to an industry, the industry faces a shortage of skilled workers and/or a demand for high wages. Industry will leave a community to move to another community where an appropriate workforce is available.

The following are some of the courses of action the Labour Council advocates in order to make affordable, quality housing available to residents within each of the municipalities comprising Metro Toronto and York Region.

We propose that:

- 1) all possible non-industrial public lands be sold to non-profit and co-op housing developers for the development of high quality, attractive, affordable housing -- at a price affordable to them.
- 2) municipalities require that 75% of housing built within their jurisdiction over the next five years be affordable to the lower

60% of income-earners and that the 75% be reduced to 60% by the end of this transitional five-year period

3) municipalities promote the intensification of land use by such measures as:

a) legalizing and simplifying the process for homeowners to provide additional housing units within their dwelling. With surveys showing that one in eight homeowners are interested in doing this, up to 37,000 new units could be provided in Metro in this manner. Provincial and Federal governments could facilitate this process by providing loan assistance or forgivable grants where the new units remain in the rental market for a specified time.

b)i) requiring existing commercial developments, both shopping malls and retail stores along major roads, to allow housing units to be built by non-profit groups on one or more floors above them. This would also benefit the commercial establishments by affording them the protection from theft and damage that will result from having residents on site through the night.

Such development must, of course, be appropriate to the neighbourhood infrastructure to ensure access to schools, parklands and other needs of residents. Where the infrastructure is not sufficient but can be provided, it should be provided on the same time schedule as the housing units.

ii) requiring new shopping malls to build such housing on an affordable basis as a condition for approving their development plans.

c) encouraging "infill" developments: the creation of small scale new housing in existing residential areas on vacant or under-utilized sites smaller than five acres. This could give Metro an additional 25,000 units by 2011.

- d) increasing the demand on the provincial government for a land speculation tax to be applied to all non-owner occupied residences, apartment buildings and developable lands. (Industrial lands should be included as called for in Part 1).

Although we are generally opposed to the re-zoning of industrial lands, Part 1 of this paper recognizes examples of where this may be appropriate. In all cases, consideration must be given to first using any re-zoned industrial land for the development of affordable artists studio-residences and, following that, using it for affordable housing. The majority of any such re-zoned land must be affordable to the lower 60% of income earners.

Steps should be taken to allow pension funds to be used to finance mortgages for non-profit and co-op housing developments.

Our municipalities should follow the lead of San Francisco where the zoning by-law requires any office developments over 25,000 square feet to pay the municipality \$5 per square foot for affordable housing, \$5 per square foot for local parks, \$1 per square foot for child care and 1% of total value towards public art by local artists.

The Federal and Provincial governments must allocate sufficient funds to the Metro area for non-profit and co-op groups to provide sufficient mixed income social housing. This funding would largely be paid back in mortgage payments over future years and otherwise is a valuable stimulant and job creator for the local economy which will result in the return payment of increased tax dollars. The private sector has proven that it can only produce housing for the top 50% of the population by income. It has been a dismal failure in producing affordable housing. Only massive government subsidies and/or tax breaks would enable the private sector to serve the other half of our society. Even so, the housing produced rarely remains affordable. Government-subsidized private rental buildings have been relentlessly flipped. As every tenant knows, each time a building is sold, rents

go up. Privately owned homes priced at the low end of the market are the ones that are most driven up in price by real estate speculators. Only non-profit and co-op housing offer security of tenure and add to the stock of permanently affordable housing. It is to co-op and non-profit housing, therefore, that government financial support should be geared.

Conclusion

There is much that can be done to retain industrial lands with their better-paying jobs in Toronto. There is much that can be done to overcome the housing crisis -- while leaving industrial lands in tact. There is much that can be done to protect our environment.

Do we want to continue to become a 'Tale of Two Cities'? Or do we want to develop a healthy and safe City for all our residents? It is simply a question of our priorities as a community.

The problems are social and economic. The solutions are political. It is simply a matter of political will.

It is a time for action. It is a time to demand: what are our Metro and City Councillors, and our members of the Provincial and Federal legislatures, prepared to do?

