WHY SMART GROWTH AND THE ASCENDANCY OF THE "URBAN AGENDA" ARE CONNECTED

ABSTRACT

Canadians are sensing the need to restore the competitive edge of our urban centres. A model called "Smart Growth", which has assisted U.S. cities in reinvesting in urban infrastructure, is being given a serious look north of the border. The authors examine the six underlying principles to the model and explain how the broad and inclusive precepts of Smart Growth can shape "the urban agenda" to the benefit of Canadian cities.

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The recent but rapid emergence of Smart Growth as a rallying cry for a better way to build our cities owes a great deal to timing. From Halifax to Hamilton, and from Winnipeg to Vancouver, Smart Growth has attracted the attention of government, business leaders, environmentalists and other stakeholders committed to protecting the quality of life in Canadian cities. What is Smart Growth, and why is it resonating with communities across the land at this time? Most importantly, can Smart Growth thinking help Canadian cities compete in the 21st century?

Ironically, some of the answers to these questions are to be found south of the border. For many years, we in Canada used to pride ourselves on the quality of life in our cities, pointing to the contrast with American cities, which were synonymous with declining cores and sprawling suburbs. But in the 1990s, things began to change as community leaders in rapidly growing cities such as Atlanta, Denver and San Diego realized that the competitiveness of these giant city regions was at risk. Smart Growth emerged as a positive way to deal with necessary growth.

Uniting under the banner of Smart Growth, and with significant and sustained financial support from Federal and State governments, U.S. cities have been reinvesting in essential urban infrastructure. Unlikely partners such as the National Association of Home Builders, the Sierra Club, the Urban Land Institute and the banking community have formed effective coalitions to merge public and private investment to make a new kind of planning possible.

A similar sense of urgency regarding the need to restore the competitive edge of our urban centres is now motivating Canadians to embrace Smart Growth. To help accelerate this process, the Canadian Urban Institute last year organized three major conferences on the topic and published "Smart Growth in North America," the result of our research into the U.S. experience. We suggest that there are six principles underlying Smart Growth.

1. Promote our cities as engines of the economy

The New Economy is knowledge-based, and the competition for the best brains will be won by cities that offer a high quality of life. Decisions by senior levels of government regarding investment in post-secondary education are critical in this regard.

Since 1999, the Canadian Urban Institute has been working with post-secondary educational institutions, federal and provincial staff, municipal decision makers and the private sector to enhance the ability of Ontario cities to compete in the knowledge economy.

Our project began with a major conference that explored how to tap the potential of the rich resources for innovation that reside in our communities. Dubbed "Competitive City Regions in the Knowledge Economy," this conference struck a chord with participants. They encouraged us to continue the experiment at the local level. Through a unique partnership (known as OCCR or Ontario Competitive City Regions) involving HRDC, Industry Canada, the Ontario Ministry of Enterprise, Opportunity and Innovation, the universities (Council of Ontario Universities) and colleges



Edmonton, Alberta – photo courtesy Economic Development Edmonton

(Association of Colleges of Applied Arts and Technology of Ontario), the Canadian Urban Institute has been working in cooperation with the OCCR partnership with cities such as Kingston, Guelph, Thunder Bay, Peterborough, Ottawa, Sudbury and Hamilton to help local representatives articulate how to collectively leverage their community's resources.

Although Smart Growth is often discussed in the context of controlling growth, the examples of Hamilton and Sudbury illustrate why the Smart Growth concept can be applied to strategies for attracting investment and expanding the economy. In the case of Hamilton, the challenge was to shift the mindset from "heavy industrial" to positioning the community as "wired to compete," utilizing the research strengths of McMaster University and the growing cluster of firms attracted to that knowledge base. This compliments Hamilton's determined effort to restore its inner city neighbourhoods, which have some of the best heritage structures in Ontario.

For Sudbury, currently basking in the international spotlight resulting from neutrino research, the process took longer, but succeeded in engaging representatives form all sectors to establish a new, independent economic development entity. One element of its mandate will be to complement the steps being taken by the newly amalgamated municipality to revitalize its downtown – a key goal being to support the nucleus of new media software start-ups occupying vacant retail space in the core.

2. Contain urban sprawl

Smart Growth is about promoting the efficient use of existing infrastructure, specifying strict criteria for new growth and working with the private sector to build compact communities. This is not a quick fix but we need to quickly become more effective in this key area. Portland, Oregon is well-known for maintaining firm boundaries and investing in transit to promote compact urban form but their success is the result of a 20 year commitment. In Ontario, new brownfield legislation promises to spur much-needed reinvestment in well located but under-utilized sites. Quebec has a head start, having already established an excellent policy framework and a culture of cooperative project development utilizing provincial and federal funds to leverage private investment dollars.

The Canadian Urban Institute has taken strong positions on growth management, citing the need for Greater Toronto to guide future investment to support a viable urban structure of vibrant, mixed use centres linked by high density corridors. To make this work, we must also promote brownfield development – the necessary reciprocal of efforts to restrict greenfield growth.

To underscore our commitment to brownfields, we hold a major brownfields conference every fall. This is done in cooperation with the National Roundtable on the Environment and the Economy, the Federation of Canadian Municipalities, the Ontario Ministries of Municipal Affairs and Housing, and Environment, the Montreal Centre for Excellence in Brownfield Redevelopment and other key players. Other partners include a large law firm and the principals involved in AboutRemediation.com.

We have also instituted annual "CUI Brownie Awards," to recognize and encourage excellence in brownfield development. The 2002 winner for the best major project was the Canada Lands Corporation (CLC) for their very successful large scale redevelopment of former railway lands in Moncton, N.B. In addition to setting the highest technical and design standards, the CLC project won high marks for how it engaged the public. The ability to bring stakeholders with different priorities together to support a common interest is an important feature of Smart Growth thinking.

3. Provide transportation alternatives

One of the primary motivations for American cities to begin investing in public transit in a major way was that commuting times, congestion and air quality were getting worse at an increasing rate. With support from their provincial governments, Vancouver and Montreal have established regional-scale transportation agencies. Montreal is also today reaping the benefits of modest but regular investments in their Metro system over a 30 year period.

In Ontario, the lack of an appropriate agency with a mandate to formulate and implement a plan, combined

with lack of on-going financial support from senior levels of government, makes it difficult to see how Greater Toronto can move beyond the current cycle of indecision. In contrast, the U.S. government is committed to spending more than $40 billion on transit in large cities over six years – and that's just the federal share. Some of these funds are applied to the maintenance of metropolitan planning organizations.

The Canadian Urban Institute has been active in promoting debate on transit and other infrastructure-related issues. We argue that rail-based transit has the most potential to shape land use (and thereby help determine future travel habits), so decision makers responsible for allocating funds for transit need to think about longer term benefits. We have suggested strongly that while there is clearly a need to fix many nagging urban problems, it is also critical that decision makers keep enough in reserve to invest in the future quality of life of our cities.

This argument has particular relevance in the current debate about the need to persuade the federal government to invest in our cities in the same way that the U.S. federal government does. We believe that a sound business case has to be made for capital-intensive decisions such as rapid transit, but that the business case has to look beyond whether a fledgling transit project will need operating subsidies. We need to take into account the hard-to-quantify benefits of improved air quality, and the value to society of creating land use patterns that will allow people to leave their cars at home.

A case in point from the annals of Smart Growth is the contrast between recent corporate decisions made in Atlanta and the Toronto area. In Atlanta, known for its stifling grid-lock and relentless urban sprawl, the Bell South Company is about to move into five new high rise office buildings recently constructed at two subway stops. Together with an existing head office tower at a third station, and four satellite offices at the extremities of the subway system, this complex of buildings will permit the company's employees to conduct nearly all business without using the city's congested roads. This "Smart Growth" solution, which consolidates business activity previously conducted in 18 different locations across Atlanta, was made for purely selfish economic reasons: fed up with losing top employees, the company conducted a poll among their workforce and found that the grind of commuting and inter-office travel was literally running their people into the ground. Bell South is banking on this transit-based solution to help them keep their best employees.

Contrast this to the situation in Greater Toronto, where the Royal Bank recently opened an 800,000 square foot office complex in the west end of Mississauga on lands adjacent to the Highway 401, originally designated for industry. Although the City of Mississauga has numerous locations designated for high density office development, including the Mississauga City Centre, none of them offer high order public transit. As long as land economics are determined by the amount of surface parking that can be constructed within the permitted zoning without resorting to structured parking, planning controls will always be trumped by practicality.

If decision makers in Greater Toronto had provided the Royal Bank with a location the company could "invest against," by backing plans for a compact urban structure with high order rapid transit in the first place, the bank's decision might have been different.

A related issue is that, faced with losing precious assessment, Mississauga could not afford to let Royal Bank "escape" to a neighbouring municipality and so felt obliged to agree to allow the office complex to be developed in a less than appropriate location. In the long run, the community of Greater Toronto is the loser, since the Royal Bank's investment is already spurring other companies to follow them to their auto-oriented location. In addition to reinforcing auto-focused commuting patterns, these investments also have the unfortunate effect of making it more difficult for the designated office centres to reach the critical mass necessary to support investment in transit.

4. Provide housing choices

Affordable housing is an essential ingredient in the quest for a high quality of urban life. Without it, employers find it difficult to attract workers. Few places in Canada are still building public housing, and our tax regimes make it unattractive for the private sector to invest in rental housing. In contrast, one U.S. developer builds 20,000 rental units a year in the major markets. Fanny Mae (an independent U.S mortgage insurer) promotes cheaper mortgages for people who select transit-oriented locations closer to their place of work.

The Canadian Urban Institute is hoping to undertake research into the feasibility of creating similar financial instruments in this country. The key is to acknowledge that housing location decisions are made by individuals on the basis of fixed costs they can afford and in response to what is available. The challenge is how to influence individual decisions but to achieve a desired cumulative impact.

Since builders are the last entrepreneur in the supply chain, and because builders have the lowest threshold of risk, builders will only build what they can reasonably expect to sell. "Greenfield" land located on the periphery is less expensive, so there is no economic incentive for the builder to risk building higher density housing or to select more costly locations where transit is available. This creates a vicious cycle where we build housing that goes some way to meeting the needs of future owners, but which requires these new homeowners to commit to longer commutes in locations with few amenities. The location-efficient mortgage would encourage prospective homeowners to examine the true cost of selecting a particular location by including more than fixed costs such as the mortgage in their calculations.

The location-efficient mortgage is potentially a way to give "points" (either a cheaper mortgage or a higher ratio mortgage, or both) to the prospective homeowner to make transit-oriented (and therefore more expensive) locations more financially feasible. The conceptual breakthrough that needs to be made is for the financial institutions to acknowledge that a two-person household living in a more accessible location is potentially a better risk because the householders will only need one car instead of two (or possibly no car at all). For this reason, the institution may be prepared to offer a higher ratio mortgage that

allows the purchaser to choose the more expensive but more accessible location. Government could play a role by absorbing the cost of mortgage insurance for qualifying purchasers. From the point of view of government, this is also a way to leverage the marketplace to support public policy. For the builder, brownfield locations, which are inherently more likely to be better located, become more attractive (and therefore less risky) if he or she knows that the buying public is being encouraged to make a different kind of lifestyle decision.

5. Protect natural areas and cultural heritage

Canadian cities have a strong tradition of protecting the environment but we need to find ways to expand that commitment and make it easier for builders to integrate natural systems into urban development and retain our built heritage. The federal government and the Ontario governments are currently working independently on tax reform to benefit heritage properties. In the U.S., federal and state laws complement each other. Will the same be true for federal and provincial laws here?

One of the most important natural disasters to strike a Canadian city was Hurricane Hazel in 1954. Although the loss of more than 200 lives can never be discounted, Toronto and its neighbouring municipalities have benefited enormously as a result. On the one hand, stringent environmental restrictions effectively banned new development below a designated flood plain line. On the other, 50 years later, the community benefits from hundreds of kilometers of nature trails, bike paths and related amenities that thread through the city's ravines. With recent innovations in land trusts and by borrowing some ideas from the U.S. for stimulating the granting of permanent easements over natural hazard lands and greenspaces, we could make similar strides in further integrating nature into our cities.

6. Create community

Prescriptive solutions rarely work and this is especially true with community building, as we discovered with early attempts at urban renewal. Healthy communities and strong neighbourhoods are the basic building blocks for competitive cities, and the active participation of citizen groups of all kinds is key to creating places in which people want to live, invest or visit. The Canadian Urban Institute will be holding a unique workshop early in 2003 to examine the challenges of "placemaking" in high-growth suburban areas.

Cleveland is a classic example of citizen-led economic recovery, which has transformed that city from bankruptcy to a Triple-A credit rating in less than 20 years. On a smaller scale, the neighbourhood of Durand in Hamilton, Ontario demonstrated similar qualities of recovery.

Last summer, in a bid to stimulate new thinking about the leadership required to address the competitive needs of Greater Toronto, the Canadian Urban Institute, together with three other organizations (The Toronto Board of Trade, the United Way of Greater Toronto and Rogers Communications), collaborated to hold the first Toronto Urban Summit. One of the keynote presenters, David Pecaut, who heads a company headquartered in New York but managed three days a week from Toronto, is leading the follow up to this two day event. As CEO of the Toronto Alliance, Pecaut will be reporting on the results of five working groups this spring.

How far can Smart Growth take us?

The ideas behind Smart Growth are not new, but the breadth of their application definitely is breaking fresh ground. Canadian municipalities are well positioned to apply (or in some cases, re-learn) the principles of Smart Growth, but success will need the active involvement of everyone with a stake in the quality of life and competitiveness of our cities to participate in how decisions are arrived at. This means that all levels of government, major institutions, NGOs and the private sector need to be involved. This requires the right enabling legislation, appropriate financial incentives to encourage private investment and recognition that Canada today is an urban nation defined by the competitiveness of its cities.

It is also important to acknowledge that cities are more than the sum of their municipal achievements. When we think of Paris, London or New York, we seldom extol the virtues of the civic administration of those cities. The French government recognizes that Paris is the principal hub and point of attraction for the entire country and spends lavishly to protect its investment. Only a regional government such as Isle de France endowed with a mandate to stimulate culture, knowledge and reputation in equal measures could afford to cite enhancing the quality of life for students as a civic priority. Yet by investing in this resource consistently over many decades, the Parisian regional government knows that the corporations making Paris their home can count on a constant supply of graduate top students from around Europe and beyond.

In our submission to the Sgro Caucus Task Force on cities, we noted that the newly emergent concept of the city region is an economic unit happily not defined in the constitution. If municipalities are the domain of the provinces, city regions can – and do – serve as the country's economic engines within which federal resources can be effectively channeled for the benefit of the country as a whole. Federal interests include but are not limited to investment in the infrastructure necessary to support a competitive city such as public transit; meeting the needs of new immigrants without straining scarce municipal resources in the major cities; supporting the ambitions of our universities and colleges; effectively amending the tax structure stimulating research and development or affordable housing. We see Smart Growth and the emerging Urban Agenda as mutually supportive ideas. Smart Growth is in contrast to earlier attempts to plan rationally and comprehensively that sank under their own weight. The emphasis today should be to focus on the cumulative impact of the many complex decisions made that affect the quality of life in cities rather than a single large plan.

At its root, Smart Growth is about creating competitive city regions.