

Thematic Report

Background Information

The National Round Table on the Environment and the Economy (NRTEE) hosted a seven-city tour on investing in the environmental quality of Canadian cities. The NRTEE began its series in Calgary in September 2003, and concluded it in Toronto in February 2004. In between, the tour visited Vancouver, Winnipeg, Montreal, Halifax, and Ottawa.

The format was similar in each city. A member of the Round Table introduced the topic before the Mayor or a deputy welcomed participants, highlighting issues of specific concern to the city or region. Participants representing community organizations, businesses, civic leaders, and interested citizens then listened to background presentations on the NRTEE's two reports, *Environmental Quality in Canadian Cities: The Federal Role* and *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada*, each of which was followed by a local perspectives panel and a question and answer session.

Participants were also asked to fill out surveys and provide written comments. Some of their comments are summarised in this report, which presents an overview of what was heard while crossing the country.

With a few specific exceptions, panellists and participants supported the NRTEE's conclusions and recommendations. There is consensus across the country on the urgent need to fund environmentally sustainable infrastructure renewal in Canada's cities, to promote policies of coordination among the three levels of government, and to support brownfield redevelopment.

Response to NRTEE Recommendations in the *Environmental Quality in Canadian Cities: The Federal Role*

Canadians across the country—from civic and business leaders to community representatives to ordinary citizens—are concerned about the state of their urban spaces. Many civic officials noted that dwindling federal and provincial subsidies over the past decade have left municipalities without adequate resources to maintain and renew the urban infrastructure required to support sustainable cities. The property tax base alone cannot fund transit, affordable housing, parks and recreation, a secure and environmentally friendly water supply, and social services.

"The NRTEE Report offers a spectacular foundation for action. NRTEE needs to continue its expert work and can count on the City of Montreal's collaboration and firm commitment."

- Montreal Mayor Gérald Tremblay

There is great similarity among the needs and wants of Canadian cities. Canada's largest urban centres have experienced phenomenal growth and all indications point to this trend continuing. For example, Calgary's population increased by 28,000 in 2001 and by 17,000 in 2002; the City anticipates reaching one million residents by 2007.

However, differences were also noted. For example, Roger Gibbins, President and CEO of the Canada West Foundation, said in Calgary that the Report's characterization of the current poor state of environmental quality in Canadian cities cannot be taken as a consensual point from which to begin. He argued that the state of Western Canadian cities is both positive and improving. This view was in sharp contrast to one expressed by John Livey, Chief Administrative Officer for the Town of Markham, who called for the Report to provide a stronger description of the deteriorated state of Canadian cities. He also suggested that Report should have noted the links between human health and patterns of daily living, a request supported in several other cities.

Panellists and participants in each city stressed transit funding as a top priority if Canada is to be a desirable place to live in the 21st century. Checking urban sprawl is also a large concern for many cities. Compact urban design requires intensification, an efficient transit system, and brownfield redevelopment.

Almost every panellist and participant who spoke stressed that the problems facing Canada's urban areas can only be addressed by multi-level solutions and by taking a long-term view. "Cities require a multi-government solution," said Ottawa Mayor Bob Chiarelli, a sentiment echoed in each locale visited.

"Securing our wealth is an important and timely issue for our region and across Canada."

Brad Anguish, Halifax

There were several questions about the focus on large cities to the exclusion of smaller communities. NRTEE member Edwin Aquilina answered this criticism in Ottawa by noting that although smaller municipalities will not stand to gain from the proposed infrastructure development funds, all communities will benefit from the GST proposals. In Winnipeg, Mayor Glenn Murray noted that the Federation of Canadian Municipalities is supporting smaller cities.

Specific responses to individual recommendations are highlighted below.

Federal House in Order Recommendations

Participants agreed that the federal government needs to get its own house in order and lead by example. At the Toronto session, John Livey said that the "Federal House in Order" recommendations are laudable, but need to address the issue of federal government coordination. All departments need to promote urban sustainability.

"NRTEE needs champions and leaders to take this forward."

Winnipeg participant

Too often, there is little coordination among different federal government departments—one hand appears not to know what the other is doing.

Recommendations #1 and #2: Site and location of federal urban facilities, and transportation demand strategies

Surrey, B.C. Councillor Marvin Hunt called for the federal government to lead by example. In a move that appears counter to its stated objective of promoting urban sustainability, a federal office recently moved from a transit-friendly location in Burnaby to a cheaper, but less accessible location. Developer John Doran in Ottawa suggested that the federal government could demonstrate its willingness to put its own house in order by eliminating parking spaces at government buildings, locating government buildings on transit ways, and encouraging any new development to be mixed-use retail-residential-office complexes.

Recommendation #3: CLC projects

The Canada Lands Company (CLC) could provide a key to help cities intensify their development. Calgary Mayor Dave Bronconnier acknowledged the leadership of the CLC as a factor in the Garrison Woods development, one of the largest inner city redevelopment projects ever undertaken in Canada. He cited the project as an example of the public involvement that was a focal point of the NRTEE State of the Debate report.

“The Report is a major milestone in raising the profile of cities and establishing the link between environmental and urban sustainability.”

Roger Gibbins, Calgary

Compact urban forms are more sustainable than urban sprawl. John Doran argued that federal lands have been under-developed to date. He called on the federal government to look at a blank palette and not micro-manage the development.

Former Ottawa Councillor Alex Munter, now Visiting Professor of Urban Studies and Communications at the University of Ottawa, said that the CLC is constrained by Treasury Board guidelines for the disposal of surplus federal lands. References to environmental or social priorities should be mandatory.

Supporting the use of urban transit

Not surprisingly, the recommendations in support of urban transit generated considerable interest across the country and were the focus of considerable praise.

Time and again, participants described the need to design cities around transit, link

comprehensive land use planning to other regional plans, and receive federal and provincial support for transit infrastructure and operations. One noted, however, that the Report fails to acknowledge the benefits of hybrid technologies for personal and mass transit use.

Recommendation #4: Invest \$1 billion annually for 10 years in transit

There was near unanimous praise for the recommendation to invest \$1 billion annually in transit. City councils across the country see transit as key to sustainable cities and agree on the focus to design cities around transit use.

The suggested infusion of \$1 billion annually into urban transit provides a good start, but it is just that—a start. Support of Recommendation #4 came with the caveat that this funding must be only a beginning. Transit has been seriously underfunded for the past decade. Transit systems across the country require sustainable, long-term funding for capital expenditures, maintenance, and operations. Juri Pill, a panel member in Toronto (which has one-third of all transit ridership in Canada), noted that a turnaround in transit use will require the return of long-term subsidies, the development of a transit authority, and adoption of a transit strategy.

Several participants pointed out that any investment in public transit would be lost unless accompanied by the will to reduce the number of automobiles. Federal infrastructure funds should only be available for environmentally sustainable projects such as transit systems—not for roads as they have been in the recent past.

“Transit is the most important single variable in ensuring the environmental health of cities.”

Juri Pill, Toronto

In Vancouver, Cheeying Ho, the Executive Director of Smart Growth BC, asked that federal transit dollars not be tied to a particular technology, such as Vancouver’s proposed RAV line. This request was echoed in several locations by panellists and participants who called for transit plans to allow leeway for new technologies, include provisions for cycling, and encourage telecommuting and commuting at non-peak hours.

Several panellists and presenters requested that funding not be prescriptive—that cities be treated like the big businesses they are. Toronto Mayor David Miller called for cities to be given the legislative authority they need to produce comprehensive strategies. General Manager of Development Services at the City of Ottawa, Ned Lathrop, urged that a bureaucracy not be built around the distribution of funds. Roger Gibbons cautioned that this recommendation takes the federal government “too far into the guts of municipal jurisdiction.”

Recommendation #5: Amend the Income Tax Act to make employer-provided transit passes a tax-exempt benefit

The recommendation to make employer-provided transit passes a tax-exempt benefit met with favour across the country. John Charles, a planner with the Halifax Regional Municipality noted this provision has worked well in the San Francisco Bay area, increasing transit use by 31%. As further evidence of the value of funded transit programs, Vancouver's TransLink recently-introduced student transit pass has "dramatically boosted ridership."

Finally, several participants proposed expanding this program to support alternative transportation methods such as cycling.

Promoting sustainable infrastructure**Recommendation #6: Tie infrastructure funding to a set of practical, performance-based criteria that ensures funded projects make a substantial contribution to improved environmental quality**

Recommendation #6 also generated considerable discussion across the country. Mayor Glen Murray noted that land use could be curtailed by promoting compact urban growth through transit subsidies instead of promoting suburban growth and automobile usage with infrastructure subsidies. Dudley Thomas, a Winnipeg architect, suggested that the federal government establish sustainability guidelines for infrastructure programs and institute new targeted funding.

Life cycle cost analysis for this recommendation was another suggestion. Funding for any infrastructure plan should be tied to municipal and regional growth strategies. Municipalities must show how they will contain sprawl before they can access these funds.

"The 'light bulb going on moment' in this Report is that action on the cities agenda is action on environmental sustainability. Building cities that work is essential to Canada's economic success in the 21st century."

Alex Munter, Ottawa

A participant complained that this recommendation implies that work has to be coaxed out of the municipalities. He suggested municipalities be portrayed as partners and not grant seekers.

Recommendation #7: Increase the GST rebate to 100% for municipal expenditures that improve urban environmental quality

There was general agreement with Recommendation #7, with the proviso that cities should only receive a gas tax rebate or a portion of the GST if the project meets sustainable environmental objectives. Montreal participants called for sustainability

investments to include water and air quality, recycling, and renewable energy sources.

Encouraging the efficient use of energy and land

“The NRTEE Report correctly identifies urban sprawl and the North American love affair with the car as the biggest challenges facing cities,” said Ned Lathrop. “Ottawa cannot live with increased sprawl—financially, environmentally, or sustainably.” Lathrop’s sentiments were shared across the country. However, participants also noted that a more efficient use of energy and land would require a shift in mindset. Social acceptance—not technology or economic factors—remains a major barrier to change.

The lack of affordable housing in city centres was identified as “a huge threat” to urban sprawl. Relying on regulation alone will fail, participants said; it is important to consider price and to use fiscal policy wisely.

Recommendation #8: Allow capital investments in community energy systems to be eligible for the accelerated capital cost allowance.

John Livey was the only panel member to specifically address this recommendation. Markham has experienced great success with its District Energy Plant. Each megawatt produced reduces 2000 tons of CO₂ emissions annually.

Recommendations #9 and #10: Rebate 36% of the GST on the cost of renovations to improve the energy efficiency of older homes; and Provide an additional GST rebate of one percentage point for new R-2000 homes.

Participants were intrigued by the possibilities that these two recommendations offer.

A number of participants asked that the benefits be extended to commercial buildings as well as to homes. One suggested the Report address a national model energy code that would apply to commercial buildings as well. Another argued for the establishment of a national certification program for energy efficient buildings. The aging built environment of Canadian cities was cited as a reason to extend the program beyond residential use.

“Sustainable development requires solid financial backing and federal participation.”

Alan DeSousa, Montreal

It can be difficult to retrofit buildings in the current context of budgetary constraints, noted a Montreal participant, asking that more funds be dedicated to this task.

Recommendation #11: Research the potential contribution of eco-efficient mortgages

Participants supported the recommendation exploring the use of eco-efficient mortgages for those who live in transit-friendly areas. This recommendation could have significant outcomes for the housing industry.

Areas for further expansion**Recommendation #12: Explore fiscal measures to assess their contribution to improving the environmental quality of Canada's urban centres.**

The recommendation to explore fiscal measures met with approval across the country. David Nantes, a Halifax developer, said he was pleased “about what the document says about the federal role being a fiscal role.”

At the Toronto meeting, John Livey said the Report correctly points out that regulation alone is not sufficient. Private investment needs the proper signals and a consistent regulatory framework to have the financial confidence to fund urban renewal and enhancement projects. The reluctance to use fiscal tools to enhance environmental sustainability in cities must be overcome.

The Honourable Herb Gray identified the lack of offsetting revenues for the suggested federal government expenditures as a weakness in the Report. A participant at the same meeting argued against increased federal spending. Mayor Bob Chiarelli countered that Canada's biggest cities are “huge economic engines” that will provide a big economic payback if supported adequately.

Recommendation #13: Research the role of freight transportation in urban environmental quality

Participants in several cities described the problems posed by traffic congestion, but the only comment specific to Recommendation #13 was made in Halifax. John Charles from the Halifax Regional Municipality noted that a multi-choice freight transportation system is needed (in addition to truck).

“Sustainable development must be the easiest option, not the hardest.”

Marvin Hunt, Vancouver

Recommendations #14, #15, and #16: Develop a national urban strategy; investigate the usefulness of a mechanism for coordinating and advocating action to improve urban sustainability; and introduce a mechanism to promote better alignment of federal, provincial, and municipal fiscal and other policies affecting urban sustainability.

After Recommendations #4 and #6, Recommendation #16 (to promote better alignment) generated the most discussion across the country. Participants were adamant that actions be undertaken in an integrated framework involving all three levels of government.

The key to success in developing a national urban strategy lies in the leadership role taken by the federal government and the way in which the mechanisms for implementing the strategy align the various levels of government. This includes, in the words of one participant, “streamlining the silos of federal, provincial, and local approval processes.”

Changes in the balance of power—or level of cooperation between the three levels of government—will require “bold action,” said Mayor Bob Chiarelli. Harmonization will require that certain government Acts be changed, as federal and provincial competencies pertain to services and fiscal regimes, including the CMHC, the *Income Tax Act*, Canada Lands Company, and numerous provincial regulations, to name a few. For example, Mayor Chiarelli said that he would love to impose a municipal tax on automobiles, but is prohibited from doing so by provincial law.

While Recommendation 14 provides a logical progression for developing a national urban strategy, a participant cautioned that “such a strategy could delay implementation of many of the Report’s compelling recommendations.”

Concern was expressed in several cities that one level of government could “claw back” funds provided by another. Addressing this possibility at the Toronto meeting, NRTEE member and Chair of the NRTEE Urban Sustainability Task Force, Mike Harcourt, said that there must be clear agreements regarding conditions associated with funding. John Godfrey, MP, Parliamentary Secretary to the Prime Minister with special emphasis on Cities, promised that money for municipalities would not be subject to provincial claw back. Where possible, the federal government will work with provinces and territories to find new provincial incremental funding for cities.

Response to NRTEE Recommendations in *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada*

There was consensus across the country that the NRTEE Brownfield Redevelopment Strategy and recommendations are on the right track, and consensus that liability remains a key issue for developers. A

“The National Brownfield Redevelopment Strategy is a positive approach to building strong partnerships between cities and the federal government, and for encouraging partnerships with the private sector.”

Toronto Mayor David Miller

national strategy was deemed important, especially for those 60 to 70 per cent of Canada's "mid-tier" contaminated sites where cleanup costs are high but so too is the potential for redevelopment. These sites are typically found in established urban areas and along transportation corridors where municipal services are readily available.

Brownfield redevelopment assists urban intensification, is cost effective in the long run, and prevents greenfield development. A participant in Ottawa urged that greenfields not be treated as free land—there should be disincentives for destroying the environmental asset they are.

Vancouver's False Creek development has had a significant impact—20,000 people now call the area home. The development has changed public perception about living downtown and has helped to minimize the environmental impacts created by sprawl and commuter traffic.

A number of participants were concerned that the recommendations would encourage current polluters and weaken the polluter-pay principle. NRTEE Task Force Chair Angus Ross clarified that recommendations are meant for sites for which the owner went bankrupt 20 or more years ago—sites where there is no polluter left to pay. The Report recognizes polluters' responsibility to clean up contaminated sites, but provides a "carrot," not a "stick." The abolition of liability after 15 years will only come about if the site is cleaned up to provincial standards. This does not address ongoing contamination, only sites now lying fallow. The goal is to clean up the contaminated land and put it back into use.

Questions were asked about the current state of technology for remediation. Site-specific assessments are a "nightmare," said one participant. They take too long, are atrociously expensive, and have unreasonable requirements. Another argued for *in situ* remediation, asking why the prevailing norm is to shift the remediation problem from one site to another. Regulations vary from province to province. There was agreement that some promising new technologies are on the horizon. One participant pointed out that the definition of "qualified person" is a problem that must be addressed if accountability is to be maintained within the rehabilitation process.

Some participants at the Halifax session expressed dismay that the Brownfield Redevelopment Strategy does not include the Sydney tar ponds, and that the focus is on urban areas. Noting that he was "absolutely in favour of cleaning up the Sydney tar ponds," Angus Ross emphasized that their rehabilitation did not fall within the purview of sites that could be redeveloped through significant private interest. Instead, they will require large infusions of public money.

Liability

In each city visited by the NRTEE tour, developers and civic officials agreed that onerous liability regimes limit the availability of capital. In Halifax, engineer David O'Carroll

(representing the Canadian Petroleum Products Institute) warned that unless civil, regulatory, and public policy liability issues are addressed, there would be “brownfield gridlock.” Curry Wood, Vice-President of the National Capital Commission said in Ottawa that protection from downstream liability would be an asset and enhance the potential of sites coming onstream.

Developer Mitchell Fasken in Toronto asked for a clear definition of non-polluting owners of brownfield sites—one that will shift liability away from “innocent” purchasers and small developers. He also said that developers require a “liability holiday” to undertake the remediation needed to recommission sites. As well, regulatory closure would ensure that once a site is rehabilitated, it would not be subject to future changes in regulatory regimes.

“The three areas identified in the NRTEE Report—finance, liability, and public perception—should be changed to liability, liability, and liability. Once that is taken care of, the other two will take care of themselves.”

Jeff Westeinde, Ottawa

Many participants agreed that risk assessment should be standardized. Attaching clearly identified timelines would be an asset.

Finance

“Property tax is one of the biggest barriers” to brownfield redevelopment, said David Negrin, a Vancouver developer. “For the NRTEE strategies to work, a concerted effort is needed by all three levels of government.” Mitchell Fasken noted that revision of provincial and federal tax rules would allow expensing of remediation costs. It would also help to create an environment in which developers could advance brownfield cleanup by offsetting income from other areas of an enterprise. David O’Carroll agreed, noting that tax incentives and excusing tax arrears provide cost-effective ways to encourage remediation.

Municipalities can help the private sector develop brownfield sites by promoting non-financial incentives such as zoning changes and reduced development fees. For example, Ottawa developer Jeff Westeinde described a project for which his company asked for—and received—an increase in the site’s density in order to make the development profitable. Subsequent construction of a “green” building and a reduction in parking brought the community association and city onside.

Public perception

Public perception needs to be addressed. Jeff Westeinde recalled, “When people complained about contaminated soil (in the parts per million) being trucked away down their street, they didn’t even look at the gas truck driving in the opposite direction.” Angus Ross noted that community consultation is a necessary step to gaining public acceptance and debunking myths.

Conclusion

The NRTEE's cross-country tour on investing in the environmental quality of Canadian cities met with considerable interest and generated support for the recommendations put forth in the reports *Environmental Quality in Canadian Cities: The Federal Role* and *Cleaning up the Past, Building the Future: A National Brownfield Redevelopment Strategy for Canada*. A majority of participants who completed the survey indicated that their awareness of these issues increased. Presenters, panel members, and participants alike expressed appreciation to the Round Table for promoting issues of urban environmental quality and encouraging a national dialogue.