Saturday Media Scan: Housing - April 29, 2017

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Saturday Media Scan: April 29, 2017

SATURDAY MEDIA SCAN: HOUSING

April 29, 2017

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Print

The Globe and Mail: Housing talk gets louder and angrier; S6; 2017.04.29

ID: GAM.20170429.rebccomment **PUBLICATION:** The Globe and Mail **EDITION:** British Columbia **DATE:** 2017.04.29 **SECTION:** News **PAGE:** S6 **BYLINE:** By KERRY GOLD **WORD COUNT:** 1533 **DATELINE:**

Housing talk gets louder and angrier ;Frustration and resignation reign as people survey a changing real estate landscape

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Vancouver's real estate market has attracted angry commentary from a wide variety of sources lately, and not just citizen activist groups rallying for affordable housing.

A couple of weeks ago, U.S. economist Michael Hudson sold out the Rio Theatre to talk about the city's gone-sideways housing situation, which he compared to "a feudal society."

Mother Jones magazine has a feature story about Vancouver in its current issue, Hedge City Blues: What happens when global elites invade your town?, which cautions that Seattle is next.

This week, local filmmaker Charles Wilkinson is releasing his film on Vancouver's crisis, No Fixed Address, which opens May 2 at Toronto's Hot Docs festival. The film will also screen at Vancouver's DOXA Documentary Film Festival on May 6.

And in an unusual twist, a member of the region's development community is incensed enough that he too is weighing in on our spectacular failure to regulate big foreign money.

Consultant Richard Wozny has been a key player in Vancouver's development industry for 33 years and he just wrote a report: Low Incomes and High House Prices in Metro Vancouver. Mr. Wozny has, as he puts it, worked endlessly to make wealthy developers wealthier. Now nearing retirement, he says he wants "to give something back to society – a little knowledge the public should find useful."

Mr. Wozny, whose company, Site Economics, has done the financial analysis and strategy for more than $120-billion worth of largescale residential towers, shopping malls, suburban subdivisions and industrial parks, says he's analyzed the financial feasibility of projects for all the major developers in Western Canada and the three levels of government.

He's seen unprecedented financial windfalls in the Lower Mainland's real estate market. Now Mr. Wozny wants to speak out on behalf of the losers: those residents who rely on their incomes to afford them a place in the property market, be it owning or renting.

He's studied the situation and has come to several conclusions: that more supply is nothing but fuel for the unaffordability crisis; that house values that are wildly disproportionate to incomes indicate a high level of tax evasion; that government is failing to institute fair tax regulation to ensure infrastructure needs are met; and that all this "growth" is simply not paying for itself.

The result is that a basic necessity – housing – has become a lowrisk profit-making tool.

"What would we think of someone who hoarded food? Why is real estate any different?" asks Mr. Wozny.

Analyzing data from the Real Estate Board of Greater Vancouver and the Canada Revenue Agency, he found an odd inverse relationship between incomes and housing; the higher the house price, the lower the declared income; the lower the house price, the higher the income. In Vancouver, Richmond, West Vancouver and Burnaby, houses are routinely priced between $1.5-million and $3-million.

However, taxpayers report "unusually low taxable median family incomes, well below the regional average."

Richmond and Vancouver, says his report, are among the highest income-to-house price ratios in the world.

Meanwhile, in Port Moody, Coquitlam, Port Coquitlam, Langley and Maple Ridge, house prices are well below the regional average and reported incomes well above.

If tax returns are a guide, the suburbs are now the high-income earning areas of the region shouldering the greatest tax burden.

Those closest to the central core appear to be scraping by with little income, despite their highcost housing.
The only conclusion to reach is that incomes are not being reported, says Mr. Wozny. A segment of the population is effectively subsidizing a group that refuses to pay its taxes.
He makes the case that a home's value is due almost entirely to its location within the city. It may provide shelter, but it is the roads and sidewalks, proximity to schools and amenities that determines its worth. The city, and public infrastructure, creates its value. But what of the buyers who capitalize on that value without putting anything back in?
"Over the past 30 years, private residential real estate has become more of an economic 'free rider,' enjoying speculative, low-risk increases in value generated by public investment, but avoiding making adequate contributions to the public realm which supports it," he writes.
Because the majority of our infrastructure was built before 1990, we are continually drawing on that value with massive new developments. Government should be tapping the "vast fortunes being made in real estate" to ensure equal access to public infrastructure," he says, echoing Mr. Hudson's argument for far heftier taxes on speculative buying.
"The growth has not paid for itself. Much of the infrastructure is relatively dated and paid for by a generation that was far more generous, and we are drawing down on that, compromising the quality of life without growing the infrastructure. We are creating congestion, whether it's traffic, or at the hospitals or universities, whatever. There is plenty of money in private growth, so the growth should at least pay for itself. Why should government and the people in the middle foot the bill?
"Somebody doesn't spend $4-million on your house alone.
It's the region they are buying, not the house. It's the community that makes it special. It wouldn't be worth anything if the community were to decay. That's what we don't understand.
"Obviously something terrible is happening – the money flooding in is not a sign of a healthy functioning capitalist market.
"The only group at fault are politicians who want growth without having to pay the requisite cost."
Another group might also be at fault: the general population.
Mr. Wilkinson, whose film will screen in Vancouver at Simon Fraser University on May 6, says a challenge he faced during the filmmaking was the general apathy of average people. He edited down discussion about big inflows of foreign money and corruption because the topic got the thumbs down from a mixed-demographic group he uses for feedback.
"Audiences don't relate to it, they don't get it," says Mr. Wilkinson. "We had a bunch of stuff about corruption and money laundering and people kept saying, 'I don't get it. How does money laundering work?' "Where we struggle with it is that people will often say, 'So what? That's just free money into our system, and money is good, right? Who cares if [buyers] are from another country or whoever comes here with $1-billion. It trickles down, right?'
"But they can't get it in without breaking the law, which affects you," Mr. Wilkinson says. "And there are people who say, 'I don't care if my community is disintegrating. I want to retire in Hawaii with an RV.' I get that there are people like that and they are making a conscious choice.
"That's the key focus of the show, for me, is the sense of community that I've always felt in Vancouver, and I see it's under such assault.
"It's been very frustrating."
Instead of steering the viewer toward any conclusion, Mr. Wilkinson presents the facts of Vancouver's affordability crisis in such a way that people can make up their own minds, according to their values. He includes interviews with David Suzuki, Bob Rennie, Raymond Wong, Seth Klein and Sandy Garossino, who is quoted saying: "We manufacture and export condominiums."
Mr. Wilkinson became something of a media magnet when promoting the film in Toronto recently, because Toronto has entered the speculative frenzy that Vancouver has endured for years.
Toronto, he says, is even more vulnerable than Vancouver, because of its rich history of diverse ethnic communities. They will be crushed under the weight of gentrification, much the way Vancouver is losing its Chinatown.
B.C.'s economy, says Mr. Wilkinson, relies on the selling off of real estate instead of actual jobs, as a result of government inaction.
"It's reached the point where we don't have much to sell, other than the land itself. So when the Premier crows about how she's created all these jobs, in a bizarre and macabre way, she has – by failing to impose any restriction on the real estate market. And of course it's unsustainable, because there are no jobs anywhere else.
When you drive past all these communities in northern B.C., everything is boarded up. Resources are simply gone.
"Jobs here are building speculative housing units."
He wonders where this selling off of real estate to the highest bidder will eventually get us.
Every time a home is sold for millions of dollars to a speculator, that home is likely forever lost to the local income-earner.
"Let's assume everybody sells out and gets rich. What's the plan – to build another city? But where am I

going to go? This is my home," Mr. Wilkinson says.
"I don't feel the government really cares much about my interests, or anybody else I know, so everybody devolves into, 'every man for himself.' And that's the antithesis of community.
"We're Canadian. We weren't supposed to be like this."

The Globe and Mail: A case for multigenerational laneway living; S4; 2017.04.29

Klaus and Jackie Gericke live in a purpose-built house in their daughter's backyard, providing an ideal location to age-in-place

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A case for multigenerational laneway living ;Klaus and Jackie Gericke live in a purpose-built house in their daughter's backyard, providing an ideal location to age-in-place

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Special to The Globe and Mail
Klaus Gericke, 85, says laneway living has given him and his wife Jackie, 73, a new lease of life.
The couple moved from their bungalow in Edmonton last August to an 800-square-foot, purpose-built laneway home in Jackie's daughter Jill Robert's backyard in Calgary. And, so far, Mr. Gericke has nothing but praise for their arrangement.
"You get to an age where you have to downsize, but often you're still too energetic to live in a seniors' home," the retired contractor says. "When you're removed from young people, it's not healthy; you only think like a senior, you watch too much television and you complain about your health. But when you live with young people, you're more energetic and more liable to go out for walks and stay active."
Mr. and Ms. Gericke now share the lot and the backyard with Ms. Robert, son-in-law Paul Robert and their six-year-old granddaughter, Sylvie.
"We're just more in touch with young people," Mr. Gericke says.
"We have our little Sylvie and we babysit often, but we also hear about Jill and Paul's jobs every day and we feel relevant."
In the background of our conversation, a family dinner is being prepared in Mr. and Ms. Gericke's laneway home.
"I think we must be eating here tonight," Mr. Gericke says. "Sometimes, we eat here, sometimes, we eat at theirs. In the summer, we'll eat on the deck between the houses. It's really nice."
Mr. Gericke says the move has even been good for his dog, Rosco.
"My dog is 14 years old, but he's like me – he's in good shape for his age and he likes it here," he says.
"We take each other for walks every day. We like the chinooks and the other dog walkers are very friendly. I've grown quite attached to Calgary in a very short space of time."
The importance of connection and the need for inner-city housing options that allow seniors to age in place were emphasized last month, when Canada's Institute for Research on Public Policy issued a report called No Place to Grow Old.
The report criticizes the lack of housing options available for seniors looking to age-in-place and calls Canada's car-dependent suburbs "isolating" for less mobile seniors. Currently, 66 per cent of Canada's increasingly aging population live in suburban neighbourhoods.
Mr. Gericke agrees reduced mobility is one of the biggest issues facing his demographic and was a key consideration in the decision to move into their laneway home.
"I have problems with my optic nerve and if I can't get a solution, I'll have to give up driving, which would be terrible because I drive Rosco up to the hill every day for a walk. I'd hate to be dependent on anyone for that. But at least we have family right on our doorstep now and there's also very good public transport here," he says.
The wheels were set in motion for the Gerickes' multigenerational living situation three years ago, when the couple first began to consider downsizing and moving to Calgary to be closer to Ms. Gericke's daughters.
"They were looking at condos to be near me or my sister, who lives in Canmore," Ms. Robert says, "but nothing really seemed right. Then one of Mom's friends said, 'Why don't Jill and Paul build you something in their big backyard?' and that planted the idea."
Mr. and Ms. Robert's home in the northwest community of West Hillhurst is a small 1947 bungalow surrounded by a generous yard. It is Mr. Robert's childhood home, which his own parents purchased in 1969.

“The house is small, but it’s perfect for us, we live in every inch of it and we love it,” Ms. Robert says.
“When we started talking about building a home for my parents in our yard, our neighbours scratched their heads a little over the idea. People couldn’t understand why we wouldn’t just knock down our house and build a bigger one with a suite for my parents, but that really goes against our values,” she continues.
Ms. Robert, 43, works as a nurse and her husband, Paul, 47, is a professor at the Alberta College of Art and Design. She admits one of the biggest challenges has been reconfiguring their family routine, but it’s one they’ve all been happy to take on.
“I haven’t lived with my parents in 25 years, so it’s been interesting to suddenly have them in our backyard, but we do love it. Sylvie runs over to Granny’s in the morning and Mom usually has dinner ready for Paul and me when we get home from work,” she says.
The success of their multigenerational laneway project is encouraging to those advocating for laneway zoning in Calgary.
Currently, only selected neighbourhoods in the city are zoned for laneway structures with many critics citing aging-in-place options as an important reason there should be a blanket rezoning policy.
“There are lots of areas in Calgary which would be really wellsuited to laneway housing but aren’t zoned for it,” says Mark Erickson, co-founder of Studio North, the firm that designed and built the Gerickes’ laneway home.
“Varsity, Brentwood and Wildwood, for example, are neighbourhoods with aging populations living on large lots. It would be great if those people had the option to build on their own property in a way that would allow them to downsize and age in place.”
“Laneway housing makes the living scenario for families really versatile,” he says. “It can provide a launch pad for kids coming home from college or a place for empty-nester parents, so they can rent out the bigger house or they could rent the laneway house to a caretaker. It also makes it possible for seniors to make good decisions for their health and well-being as they age.”
Ms. Robert agrees that the city has been reluctant to embrace laneway culture.
“I think the city struggles with this concept of a multigenerational family that’s trying to live on one lot. I think they’re worried people see it as a way to generate income through sites like Airbnb, but that’s not our style and has never been the intention,” she says.
The Robert family still have unresolved issues with the city around their laneway home’s basement and land-use bylaws.
But they’re still happy they built their laneway home and consider it an important addition to the family property and an heirloom for the future.
“It was never about investment for us, it was always about creating a family compound, which works for our situation. We were lucky we had the opportunity to do that with our property,” Ms. Robert says.
“Our daughter Sylvie’s already talking about when she’s going to move into the laneway house,” she adds, laughing.
“It’s nice to see those values coming through, even though she’s only 6.”

The Globe and Mail: Home on Shaky Ground; B8; 2017.04.29

Once-blossoming alternative-mortgage lender Home Capital Group now finds itself floundering under regulatory scrutiny of its underwriting and disclosure standards – and investors are fleeing

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HOME ON SHAKY GROUND ;Once-blossoming alternative-mortgage lender Home Capital Group now finds itself floundering under regulatory scrutiny of its underwriting and disclosure standards – and investors are fleeing

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Staff

When Gerry Soloway announced early last year that he was stepping down as chief executive officer of Home Capital Group Inc. at the age of 77, after nearly three decades at the helm, he was supposed to be leaving behind a solid legacy: a blue-chip financial firm with low loan losses and solid growth.

The company he founded had blossomed into a profit-gushing mortgage lender valued at about $2.5-billion and with assets of more than $20-billion, a fivefold increase in 10 years.

The stock, though well off its highs, still reflected this success. Long-term investors were sitting on average annualized gains of more than 30 per cent since 1995, or a 260fold increase.

But perhaps most important, Mr. Soloway had become the public face of alternative, or non-prime, mortgage lending in Canada. He was a pioneer in extending loans to self-employed workers, recent immigrants and borrowers with weak credit histories that had been rejected by more risk-averse banks.

“The chartered banks have nothing to fear from us,” he once said in an interview with Canadian Business magazine. “We’re going to be in our niche and we are going to stick to our niche. We are not a threat to anybody.”

Today, though, this promise is on shaky ground.

Home Capital Group is floundering under regulatory scrutiny of its underwriting and disclosure standards, and investors are fleeing. The company’s future is in doubt, driving concerns about potential contagion into other Canadian lenders.

The trouble began when Home Capital Group announced in 2015 that it had suspended 45 mortgage brokers for submitting fake or altered verification documents.

Mr. Soloway downplayed the suspensions: “There never was a concern about the credit quality or the valuation of the properties,” he told analysts on a conference call. “It was only relating to the income documentation.”

Earlier this month, things took a turn for the worse. The Ontario Securities Commission alleged that three current and former senior executives, including newly retired Mr. Soloway, did not properly disclose these underwriting irregularities to investors, which has further eroded confidence in the company.

In the background, the financial advisers and brokers who steer their clients’ savings to Home Capital were pulling back. That led to an extraordinary press release on Wednesday morning: the company was suffering from a run on the bank. By Friday, Apr. 28, the company’s high interest savings deposit balances had dropped to an estimated $500-million, down from more than $2-billion at the end of last year.

The shares nosedived 65 per cent on Wednesday, after Home Capital announced that it required a financial lifeline to offset fleeing depositors, whose money fuels the mortgages that Home Capital provides.

Many of the big banks are now limiting sales of Home Capital Group’s guaranteed investment certificates (GICs) to their clients. Their reticence calls into question the fate of the $13-billion worth of GICs that Home Capital currently has on its books and will need replacing as they mature.

Many of those certificates come due in 2017.

A $2-billion line of credit from Healthcare of Ontario Pension Plan (HOOPP) didn’t come cheap: Home Capital Group will pay a 10-per-cent interest rate, a 2.5per-cent rate on undrawn balances and a fee of $100-million – or a whopping 22.5per-cent effective interest rate on the first $1-billion it borrows.

Though Home Capital Group’s share price rebounded impressively on Thursday, it ended the week barely above $8, or roughly where the stock traded during the depths of the financial crisis in 2008.

Ominously, the company’s problems are weighing on the share prices of other mortgage lenders, smaller regional banks, mortgage insurers and even the biggest banks.

Among the many casualties: Equitable Group, a rival mortgage lender, fell 32 per cent on Wednesday and another 17 per cent on Friday; Genworth, a mortgage insurer, fell 8 per cent on Wednesday; Canadian Western Bank fell 5 per cent; and even giant, internationally diversified Royal Bank of Canada fell a total of 3.6 per cent over three days.

“The market’s reaction clearly suggests that Home Capital Group’s issues could spread across the sector,” Gabriel Dechaine, an analyst at National Bank of Canada, said in a note.

The turbulence implies that some investors – particularly short-sellers, who profit when stock prices decline – believe that Home Capital Group is the first sign of an overheated housing market that has begun to crack.

Some observers believe that Canadian home prices could be dragged down if deposit brokers withdraw funding from other alternative lenders, essentially shrinking the number of prospective home buyers in the market.

“We see this developing into a broader credit slowdown story, which will hurt new cash flow into Canadian housing,” analysts at Montreal-based Pavilion Global Markets said in a note.

The Pavilion analysts believe that even monetary policy could be affected: “In our view, this will have negative macro consequences for the country, impeding the Bank of Canada’s ability to raise interest rates and maintaining a weak currency.”

For all the mayhem it has caused this week, Home Capital Group began with a simple premise: Many Canadians were being turned down for mortgages by the banks, but were in fact good customers that could meet their debt obligations as well as anyone.

Mr. Soloway recognized this gap in the mortgage landscape when he worked as a lawyer doing mortgage and commercial work.
"Throughout my practice, I noticed that the minute an application did not fill the criteria, no matter how secure the transaction was, the individual borrower had great difficulty in getting funded," he told the Toronto Star.
He took control of Sonor Resources Corp., an insignificant oil and gas exploration company. Through a share swap in 1986, he acquired the small, privately owned Home Savings & Loan Corp., headquartered in St. Catharines, Ont.
He changed the name and began financing just about anything he could, but the downturn in 1989 forced him to focus on residential lending, a niche that proved highly lucrative as he built institutional ties and a broker network.
With the proper underwriting know-how and big down-payments, non-prime loans were a gold mine. Home Capital Group's model looked even better as interest rates declined. The shrinking margins on the prime loans offered by the big banks made the higher rates on non-prime loans – currently at least 1.5 percentage points more – the envy of Bay Street.
Since 2000, the value of Home Capital Group's loans has risen more than 20-fold, to $18-billion in 2016. Over the same period, annual profit rose to $247-million, from less than $11-million. And money set aside to cover bad loans has fallen steadily, to just 0.02 per cent at the end of last year.
Home Capital Group became a stockmarket darling, and Mr. Soloway was a hero to investors, which included some of Canada's most prominent mutual fund managers. "They love me today. That's terrific," he told The Globe and Mail in 2004, after reporting particularly strong quarterly results.
The company's success attracted competition, which fuelled the rise of nonprime lending in Canada. Non-prime loans have been growing at more than double the pace of traditional prime loans, due to low interest rates and tighter financial regulations imposed on the bigger lenders.
Last year, non-prime lending volumes in the broker channel grew by more than 20 per cent, according to DH Corp. In the fourth quarter of 2016, non-prime lending was 19 per cent of broker originations, up from 9 per cent in 2011.
The role of non-prime lenders, though they control just a small fraction of the overall mortgage market, has also attracted the attention of regulators at a time when many observers are growing concerned about rising home prices in Toronto and Vancouver and what happens if the housing market turns.
The Bank of Canada has expressed concerns about the risks posed to the financial system should an unregulated mortgage finance company (MFC) run into problems: "If a large MFC were to fail or be unable to fund new loans, it would be disruptive for the mortgage market, possibly magnifying the impact of the downturn," the central bank said in its financial system review in December.
Though the warning was directed at companies such as First National Financial Corp. and Street Capital Group Inc. – both hit hard this week in the stock market – the issue of contagion would appear to apply to others as well.
Some investors, seeing the market turbulence this week, have drawn comparisons with the U.S. market, where subprime loans popped the housing bubble and contributed to the start of the financial crisis.
A number of U.S. short-sellers delighted in repeating this comparison in various tweets.
Most observers, though, believe that Home Capital Group's problems aren't signifying broader issues with non-prime loans, the housing market or the financial system.
"What we are witnessing now is not the ultimate test of the subprime market," said Benjamin Tal, deputy chief economist at CIBC World Markets. "The ultimate test will be an economic shock such as a recession or higher interest rates."
Rob McLister, founder of RateSpy.com, a mortgage-comparison tool, noted that Home Capital Group's mortgage performance is top-notch, but the company made horrendous management decisions.
"Its insufficient oversight of document validation and bad-apple brokers was only compounded by questionable investor disclosures," Mr. McLister said in an e-mail.
"These are not standard industry practices and Home's problems are therefore not epidemic."
Mr. Dechaine, the National Bank analyst, believes that contagion fears are overblown, despite what the market may be signalling.
"For perspective, Home Capital Group has a sub-$20-billion mortgage book, which translates to minnow status relative to the $1.1-trillion of residential real estate credit on Big Six balance sheets," he said in his note.
He added: "And since the market is more focused on the funding of these loans rather than on their credit quality, it is important to differentiate the diversified funding structures of Big Six banks relative to HCG's (and others) that rely in large part on a single source: broker deposits." Still, big questions remain, and the uncertainty will likely hang over Home Capital Group and possibly the entire Canadian financial sector until answers emerge.
Among the most pressing questions: What triggered the crisis of confidence among the big banks, causing them to limit sales of Home Capital Group GICs? Is Home Capital Group's loan book in good shape? Why did the company see the need to pay double-digit rates for a financial lifeline from HOOPP?
And, of course, what will become of Home Capital Group and Mr. Soloway's legacy?

When Mr. Soloway announced in 2016 that he was stepping down as CEO, he left on an upbeat note: "I know that the company is in great hands, and I am very confident in their ability to take Home Capital to new heights," he said in a statement.
A year later, confidence is nowhere to be found.
MONEY FLOW
Home Capital operates on a business model that is different from the major banks. It relies heavily on financial advisers and brokers to provide it with the money it needs to give mortgages and other loans to customers.
The problem is that much of the money it receives in deposits is short term in nature - high-interest savings accounts and guaranteed investment certificates. In the past two weeks, concerns about the housing market, an Ontario Securities Commission investigation into the company's disclosure practices and turnover in the management ranks have combined to create a crisis of confidence in Home Capital.
In response, depositors have pulled out large quantities of money. This run on the bank has raised questions about the company's future.

The Globe and Mail: The problem with city hall as landlord; M1; 2017.04.29

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The problem with city hall as landlord ;

Staff
One way to ease the housing crunch, all right-thinking people seem to agree, is to invest in social housing. Ottawa is putting aside billions for the purpose. Toronto is building more of it, while imploring senior governments for help with fixing what it has. Social-housing advocates accuse governments of retreating from the field and say it is high time for them to jump back in.
Before taking this leap, they should have a long look at Toronto Community Housing. What they will see is sobering.
TCH is the second biggest social-housing outfit in North America, with close to 60,000 households of low or moderate income spread around 2,100 buildings. Many of those buildings are falling apart. Leaky roofs, busted elevators and faulty plumbing are commonplace.
The situation is so dire that, even though the agency has 181,000 people on a waiting list for a subsidized place to live, it has started to close down whole housing blocks because they are beyond saving. Only this month, city hall moved to demolish a townhouse complex of 134 units.
Hundreds more units around the city face shutdown.
The leadership of the agency has been through years of turbulence. The agency brought in a new chief executive after a spending scandal, only to see him leave in 2014 after a damaging ombudsman's report. Its interim chief stepped down this week.
A major report last year called Toronto Community Housing "unsustainable financially, socially and from an operating governance perspective. It is at the centre of a crisis that has been 30 years in the making." It called for a big shakeup.
The solution to all this might seem simple: new leadership for the organization and more money for repairs. But it isn't the money or the management that's the problem. It's the model. Governments make lousy landlords. TCH is a great clumsy beast, with layer upon layer of officials to handle its vast portfolio. No wonder trouble breaks out in its upper ranks.
Public housing has a sorry record in North America. Cities from New York to Chicago to Toronto built scores of housing projects in the decades after the Second World War. Most soon became as shabby as the slums they were meant to replace. Isolated islands cut off from the bustle of city life, they were miserable places to live. Many have been knocked down.
Some, like Toronto's Regent Park, are being rebuilt, with new streets and market housing mixed in to ease their isolation.
Even with better design and the noblest intentions, public housing tends to fall into disrepair and dysfunction. Without an ownership stake, those in charge let maintenance and service slide. Frustrated tenants grumble about the dirty hallways, the unlighted stairwells, the thugs that hang around after dark. The result is a repeating cycle of complaint and excuse that you can see on display at city hall year after year. Tenants come down to complain. Officials say they will do their best to make it right. Mayors blame

premiers and prime ministers for failing to cough up enough for all the repairs and the new units that are required. Toronto's John Tory was upholding a fine old tradition when he scolded the provincial government this week for failing to hand over the millions he wanted for housing repairs in the latest budget.
The idea that senior governments can be talked into producing the money that will fix public housing for good is a stubborn fantasy. The government of Ontario has the world's biggest subnational debt. Counting on it to come through seems hopeful in the extreme.
Put the problem this way.
Does anyone really believe that, 10 years from now, Toronto public housing will be well managed and neatly maintained; that all of its repairs will be done and all of its complainers silenced; that tenants won't still be calling for better security, cleaning and maintenance; that mayors won't still be crying poor?
Instead of leaping back into public housing, governments ought to be moving out of it.
Far better to hand the job to non-profit housing groups or free up market providers to help fill the need for low-cost rental apartments. Cities should never be landlords.

The Globe and Mail: It's been 50 years since the emergence of condos began to redefine Toronto development as we know it. Jeff Gray and John Sopinski explore how the city adapted to changing conditions in the housing market, and was transformed in the process; M5; 2017.04.29

ID: GAM.20170429.nwgtcondographic **PUBLICATION:** The Globe and Mail **EDITION:** Ontario **DATE:** 2017.04.29 **SECTION:** News **PAGE:** M5 **BYLINE:** By Jeff Gray, John Sopinski **WORD COUNT:** 882 **DATELINE:**

REAL ESTATE ;It's been 50 years since the emergence of condos began to redefine Toronto development as we know it. Jeff Gray and John Sopinski explore how the city adapted to changing conditions in the housing market, and was transformed in the process

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COMPLETED CONDO BUILDINGS IN THE GREATER TORONTO AREA BY NUMBER OF UNITS*
1970s 11,697 units added House prices were rising steadily in the late sixties, prompting very familiar anxieties about young couples unable to afford homes, Condos - in high-rises but also townhouse complexes in the suburbs and downtown - were among a slate of solutions embraced by governments, who also handed out millions of dollars in subsidies to builders. Some optimistically predicted condo growth would outpace single-family homes, with marketing aimed at young couples and "empty rasters." By the early 1970s, complaints over shoddy construction and a glut of units started to emerge. Condos soon won a reputation as drab and unappealing. Sales collapsed mid-decade, prompting promoters to try out new gimmicks: One promised to pay any hikes to hydro, heating and property taxes until 1980. In 1973, the city became embroiled in a battle over blockbusting and high-rise development, prompting mayor David Crombie and reformers on council to bring in a two-year moratorium on new buildings more than 45 feet in the downtown core.
1980s 30,881 units added Boom times soon returned, as the decade most associated with yuppie excess brought with if a wave of new luxury condos in Toronto, as it did in many other cities around the world. "Vacant lots all over downtown Toronto are sprouting condominiums of late," The Globe reported in January, 1981. "No sooner has one of the glamorous edifices begun to climb the Toronto skyline than the sold-out sign is posted, and the next development announced." The flagships of this new breed were the Palace Pier and Harbour Square developments on the city's waterfront, completed in the late 1970s. Others, including Olympia 8 York's Queen's Quay, completed in 1983, would follow. But as many as half of the city's high-end units. The Globe said, were snapped up by businesses or investors. Controversies erupted mid-decade over flipping and sweetheart deals for insiders at Harbour- front, where towers were built much taller than promised in defiance of objections at city hall. After a dip in 1987, the real end to the party came in 1989, as the city's real estate bubble finally burst.
1990s 49,503 units added The decade began with the market in a hole that just kept getting deeper, as a broader recession rocked the country. Toronto was drowning in unsold condos, and nobody was buying. Prices sank more than 30 per cent. In April, 1991, The Globe reported that Toronto had 20,000 empty condo units. Increasingly, they were being rented out, rather than lived in by owners. But by late 1997, new condo starts were shooting back up to 1989 levels. And they were creeping into new parts of the city, where converted factories were marketed as lofts and even newly built condos were made to mimic lofts. Demographic shifts, including downsizing boomers and young couples embracing an urban lifestyle and

eschewing lengthening daily commutes by car, were increasingly driving demand. As the decade neared its close, a 45-storey luxury hotel-condo complex next to Toronto's historic Pantages Theatre - home then to Phantom of the Opera and now known as the Ed Mirvish Threafre - sold out in just a few days.
2000s 103,683 units added Toronto's condo euphoria would see twice as many units completed in this decade compared with the 1990s. Construction started on several new hotel-con- do projects that threatened to flood the city with five-star luxury, including the Ritz-Carlton, Shangri-La, the new Four Seasons in Yorkville and the Trump Tower, which would later become mired in lawsuits and financial problems. At the decade's beginning, sales of condos were smashing 1980s records, even amid concerns of a glut. CityPlace, the city's largest residential development, on railway lands fo the west of downtown, began a dozen years of construction. The frenzy was interrupted only briefly by the global financial crisis, triggered by the U.S. housing crash in 2008, its most prominent Toronto casualty would be Kazakhstan-based Bazis international's proposed condo tower at 1 Bloor East, which was backed by ill-fated U.S. investment bank Lehman Bros, Great Gulf Homes would eventually pick up the marquee site.
2010s109,497 units added By 2010, the financial crisis was already forgotten, and real estate markets were hot. Critics urged city planners to force developers to move away from shoebox-sized bachelors for young singles and create larger units to accommodate families with kids. With condo prices up 10 per cent year over year in April of 2010, the CEO of Royal LePage warned of "irrationality" in the market. Sales in Toronto would cool that summer, for the first time since 1994. But this was a blip. Developers kept unveiling plans for gleaming towers on underused sites. Thousands of new condo-dwellers were living in downtown neighbourhoods, increasingly walking or cycling to nearby jobs. Condo sales outside central Toronto, in the so-called 905 suburbs, were also smashing records. Government tinkering with mortgage rules did not stop the boom. In April, 2017, Ontario announced a suite of measures, including a tax on "non-resident" buyers similar to one imposed in B.C., to cool the market.

The Globe and Mail: Kensington Market vs. Airbnb; M2; 2017.04.29

Residents are increasingly concerned about their neighbourhood being emptied out as the number of short-term rentals rises

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Kensington Market vs. Airbnb ;Residents are increasingly concerned about their neighbourhood being emptied out as the number of short-term rentals rises

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Special to The Globe and Mail
If you are in Kensington Market this weekend and you see a procession of people dressed as black-clad mourners or ghosts, carrying a lifeless body and accompanied by a three-piece band playing a dirge, you'll probably chalk it up to the eccentricity of the neighbourhood. It's Kensington. Those nuts are always up to something. That's part of the appeal.
In Toronto, Kensington stands out as a utopian, bohemian, urban space. That's why it features prominently in tourism marketing. That's why a film, television or video shoot is there every day, trying to capture the cultural diversity to which Toronto and Canada usually aspire.
That's why it's no surprise to see Airbnb associating Kensington with its brand. In November, 2016, the globally popular homesharing company organized a walk in the neighbourhood, ushering some of its users/hosts around the area, visiting local businesses and chronicling the stroll in photos for a promotional blog post that lives on as sponsored Facebook content.
For Friends of Kensington Market, a community organization that had been struggling to deal with the impact of short-term rentals on the neighourhood's housing market, being used as a marketing tool was the last straw.
Chair Dominique Russell says the group has received complaints from at least 30 tenants about landlords using questionable tactics to bully renters out of their homes, often converting the apartments into short-term rental units.
"It's quite dramatic how quickly Kensington is being emptied out in this way," Ms. Russell says.
She is still looking for someone to play the "corpse of rental housing" at Saturday's Requiem for Renters, which will wind through the market and finish at a "ghost hotel," an apartment converted into short-term rental use. The theatrical event is symbolic, Ms. Russell says, aimed at raising awareness of a hard-tosee threat to the neighourhood.

"It's a real stealth thing that's happening. People aren't aware of it until suddenly, in my case, in three of the buildings around me, I don't have any neighbours."

Municipalities all over the world are dealing with the challenge of home-sharing regulation compounded by housing crises.

In London and Amsterdam, Airbnb agreed to enforce rules limiting hosts to a number of days a year that they can rent out property: 90 days in London and 60 in Amsterdam. In San Francisco, hosts can operate only one listing at a time and must pay hotel taxes.

In Toronto, city staff are currently preparing recommendations for home-sharing regulations to be revealed in June. Joe Cressy, the councillor for Ward 20, which includes Kensington, says he'd like to see regulations that address the effects of affordability on rental housing, fairness of taxation (hotels are required to have zoning permits and must pay commercialproperty tax and HST) and accountability for consumer protection (safety measures against troublesome renters/ hosts).

"I think Airbnb is strangling the neck of an already strained housing-rental market in Toronto," says Mr. Cressy, who plans to participate in Saturday's Requiem for Renters. "We have a rental-housing market that is exceptionally strained and Airbnb is taking rental properties off the market and using them for so-called home-sharing, which it's not."

At the heart of this is a conflict over what Airbnb is – a platform for residents to generate a supplemental source of income from their homes, or a tool allowing real estate investors to operate unlicensed hotels.

It's difficult to determine exactly how many active listings Airbnb has just by scrolling through the site. Fairbnb, a proregulation coalition of labour, tenant and resident groups, provides numbers using Web scraping, software that generates a spreadsheet by searching and collating data from publicly available information online. It's not 100-per-cent accurate, a Fairbnb spokesperson says, but a fair approximation. (Airbnb declined to provide local data.)

During April, according to Fairbnb, Airbnb has 131 active listings in Kensington. On Craigslist, 12 apartments are for rent in the area. Fairbnb's analysis found 68 Airbnb units are owned by 21 hosts, all of whom have multiple listings within or near the neighbourhood.

One host has eight listings in Kensington. Another, with six listings, advertises as a "travellers' home," featuring bunk beds stacked four to a room.

At an Airbnb workshop in March, a fact sheet was handed out with a photo from the Kensington tour. Before listing the economic benefits of the company to Toronto, the handout states that "the vast majority of our hosts are everyday people and families – our friends and neighbours."

Fairbnb estimates that 84 per cent of Airbnb hosts have only a single listing, but the remaining 16 per cent of hosts operate 40 per cent of the listings and generate 52 per cent of revenue.

Airbnb declined to comment on the calculations, but it has added a mechanism to address habitual-problem hosts.

In my Kensington Market condo, Airbnb is not allowed by the condo board, but plenty of shortterm rental units operate in the building in semi-secrecy. Guests arriving with suitcases every Friday afternoon are a giveaway, as are the online listings. Most owners in the building looked the other way until a couple of units turned into hot spots for teenage parties.

When it became a regular weekend event for the hallway to be filled with drinking, smoking and fighting, a collection of neighbours started keeping a spreadsheet, charting every time there was an incident, how many guests came (sometimes more than 50), how late it went (sometimes until 4 a.m.) and what time police were called.

Airbnb has a new "neighbour" tool, an online platform to register conflicts with hosts and promises to take action against users who routinely generate neighbour complaints or are operating in violation of building-specific home-sharing bans.

"The overwhelming majority of Airbnb hosts and guests are good neighbours and respectful travellers, so issues of any kind are incredibly rare, but when they happen, we work to make things right," says Alex Dagg, public policy manager for Airbnb in Canada. "Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal."

Ms. Dagg said the company also wants to work with community organizations, city staff and the hotel industry to address concerns.

"Airbnb welcomes debate about our role in the city. In fact, we want to be regulated. We're collaborating with the City of Toronto, the Province of Ontario, numerous community groups, our hosts and key stakeholders across the city to ensure that our operations contribute to the community here in Toronto."

For renters in Kensington though, regulation can't come fast enough.

"If the city doesn't come up with something that has teeth, then it will continue the erosion of affordable living downtown," says David Perlman, a renter in the market for 35 years. He has nothing against Airbnb's original home-sharing use. And he sees reason to be hopeful that the company is open to operate by whatever rules local municipalities create.

The alternative, Mr. Perlman suggests, will be the end of Kensington.

"If we create a situation of ghost hotels, it will be devastating. It's like building a six-lane highway into the mountains to see the mountains. By the time you've built your highway, you don't have the thing left that people went to see. An area like Kensington is the attraction that it is in the city precisely because it's a living neighbourhood and not just a tourist strip."

The Globe and Mail: Budget 2017 = Election 2018; F6; 2017.04.29

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Budget 2017 = Election 2018 ;

The budget that Ontario Finance Minister Charles Sousa delivered on Thursday, April 27, 2017, is all about an event happening on Thursday, June 7, 2018: the next provincial election. The province's Liberal government currently stands a distant second or third in the polls; those same opinion surveys have saddled Premier Kathleen Wynne with the moniker of "Canada's least popular premier." There's widespread talk about a panicked party pushing her into retirement.

But don't count out Ms. Wynne or the Liberals just yet. Not by a long shot. Election after election since 2003, this party has figured out how to win, with help from Ontario's Progressive Conservatives, who are past masters at figuring out how to lose. Team Wynne still has tricks up its sleeve – and more ammunition than ever in its fiscal arsenal.

Nine years after the Great Recession hit, Ontario's budget is finally back in balance.

How did they do it? Step one, spending restraint. Yes, really. For the past three years, Liberal rhetoric has been designed to convince voters that they've been as busy giving away money as the Tooth Fairy. In fact, they've spent the past three years wrestling down expenses in health and education, the two largest government departments.

Spending increases have been held below inflation plus population growth – not an easy trick when teachers unions are your allies, or given that Ontario already spends less per person on health than any province except Quebec. The Liberals brought in austerity-lite, while trying to deny it. For the budget to balance, they had to.

Step two, revenue growth: Over the past few years, the economy has grown faster than expected, and tax revenues, including a land-transfer tax powered by a hot housing market, and a big scoop from the new tax-like cap-and-trade system, greatly outpaced growth in expenditures. That equals, right on schedule, a balanced pre-vote budget.

If the budget remains balanced in the years to come – as the Liberals are promising, though some economists and the province's Fiscal Accountability Office have raised questions about the details – the relative size of the province's debt, known as the debt-to-GDP ratio, will steadily fall. That would be a real and substantial accomplishment.

It's also valuable political currency. That's why PC Leader Patrick Brown, the man whose election this is to lose, responded to Thursday's budget by insisting that taxes and spending are still out of control, and Liberal accounting shenanigans are covering up a deep deficit. New Democratic Party Leader Andrea Horwath, in contrast, put out a press release headlined: "Wynne's Budget Doesn't Undo The Damage She's Done."

It was Why Haven't You Cut More vs. Why Aren't You Spending More. The Liberals are aiming to walk to victory, right up the middle.

But the Wynne government's plan to win again in 2018 is mostly not about competing for Tory votes. Beyond eliminating the deficit, the budget doesn't use Tory language. Instead, it's about winning re-election, and beating the PCs, by eating the NDP's lunch.

For three years, the Liberals have been budgetting like Scrooge, while insisting that they are really Santa Claus. Now that Ontario's in balance, they're talking more than ever like Saint Nick, but they've finally got more gifts to hand out, to key constituencies: young voters, seniors, lower-income Ontarians, the education sector, health care, and anyone steaming over their hydro bill.

The Liberals are shifting from austerity-lite to NDP-lite.

For example, the NDP has been calling for a province-wide pharmacare plan – free prescription drugs for everyone. The Liberal budget cribs from the NDP by offering free drugs for anyone under the age of 24. The Liberals have long been pushing for a national pharmacare program, but the sudden arrival of free drugs for children and youth feels like a last-minute addition to the fiscal plan. Mr. Sousa told reporters it will cost $465-million a year, but unusually, no costing figures are to be found in his budget.

Seniors? The federal Liberals eliminated the boutique tax credit for riding public transit; their provincial cousins have brought it back – for anyone over the age of 65.

Young voters? The assistance program for college and university students, OSAP, will become simpler and more generous. Announced last year, the changes will phase in this fall and next year.

Health? The sector got annual spending increases of barely more than 2 per cent over the past two years.

This year, health spending is budgeted to rise by 3 per cent, and by nearly 5 per cent the year after.
Housing? As announced earlier this month, the Liberals are using the housing price bubble as an excuse to expand rent control – an economically self-defeating policy having nothing to do with popping the bubble. But it may please many renters.
Hydro? One of the most expensive new commitments, announced before the budget, is the government's plan to use your taxes to subsidize your hydro bill. Price: $1.4-billion a year. Governments can do all sorts of dumb things when they're feeling flush with cash.
And for all that, this budget still tries to act like it's spending more than it is; the health care increases, which are modest but real, get creatively double- and triple-counted. Health spending growth from $52.2-billion in 2016 to $58.1-billion in 2019 is referred to as "increasing by $11.5-billion over three years."
And Ontario's long-term infrastructure plan, which exists almost entirely outside the annual operating budget, never stops growing, at least rhetorically. Two years ago it was a 10-year, $130-billion longterm plan. Last year, it became a 12-year, $160-billion program. Now it's described as a 13-year, $190-billion plan.
The Ontario NDP, whose voters are the Liberal target, of course say they hate this budget. But with its balanced bottom line and big new commitments to social spending, it feels like a fiscal plan another NDP party – the 2015 federal NDP, led by Thomas Mulcair – would have loved.

Peterborough Examiner: It's a rental crisis, not a housing crisis; A4; 2017.04.29

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It's a rental crisis, not a housing crisis

Peterborough's housing supply and affordability problem isn't related to fixer-upper homes selling for $1 million or more.
The problem here is rental apartments. A recent Canada Mortgage and Housing annual report put the local vacancy rate at 1 per cent, among the lowest of any city in Ontario.
The CMCH also found that more people looking for rental housing combined with near-zero new apartment construction has raised pricing pressure on the rental market to the highest level in 30 years.
In theory, help is coming. The provincial government has decided to act on Toronto's house price crisis with a 16-point plan aimed at virtually every aspect of the housing market.
If that tames spiralling single-family home prices in the GTA there will likely be a domino effect in Peterborough. But that would be cooling off something that is only just beginning to be felt.
Changes in the province's plan that target rental housing could serve more purpose here.
The big one is rent control, which will be extended to cover all apartments. Until now controls applied only to units built before 1991.
Rent controls are controversial. Most economists say they actually have a negative effect in the long term. Knowing rent increases will be restricted to the rate of inflation or lower, developers stop building new apartments.
Whether that happens in Peterborough remains to be seen. Construction of new private apartments and townhouses has been extremely low for decades. To get worse, landlords would almost have to start tearing buildings down.
The province has adopted two primary initiatives to spur rental housing construction and offset any deadening effects of rent controls.
One is to have municipalities tax new apartment buildings at the same rate as single family homes. Peterborough historically taxed larger apartment buildings at nearly twice the single family rate. On a big apartment tower valued at $25 million that represents about an extra $300,000 a year.
But Peterborough is ahead of the game in that regard. New apartments here are already taxed at the

single-family rate so no help will come from the provincial legislation.
Step two in the Queen's Park pro-rental plan is to offer discounts on development charges for new multiple unit buildings. The city's current charge is $11,700 per unit for buildings in the core area so savings could be substantial.
But again, the city is ahead of the game. In 2011 it began offering development charge rebates and other incentives that can save apartment developers hundreds of thousands of dollars.
Peterborough has a housing problem, not a crisis. It relates to scarcity of rental units. If the province wants to offer a housing solution that works here it should help build more publicly owned apartments.

National Post: Ratings agency sees Toronto home price slowdown; Ontario Plan; FP6; 2017.04.29

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Ratings agency sees Toronto home price slowdown; Ontario Plan

Massive gains in house prices across the Greater Toronto Area could be coming to an end with a correction even in the cards, says a leading U.S. ratings agency.
Fitch Ratings believes the province's 16-point plan to create affordability in the Greater Golden Horseshoe - an area home to nine million people and that wraps around the GTA in the southern end of the province - may derail the market.
"Ontario's proposed legislation aimed at tempering home prices in the greater Toronto area should help slow price growth and possibly lead to a price correction," the agency said in a note Friday. "Toronto home prices are up more than 40 per cent in the past three years, far outpacing the supporting economic fundamentals in the area."
The provincial government announced new measures on April 20 to cool the market after the Toronto Real Estate Board reported average resale prices in the GTA rose 33 per cent in March from a year ago. The average new detached home is now selling for about $1.78 million, climbing 70 per cent over the last year.
Key measures in the plan are a 15 per cent nonresident speculation tax, a 2.5 per cent cap per year on rent increases that will be tied to inflation and greater flexibility for municipalities to use property taxes to influence the housing market.
"The tax on foreign buyers, coupled with rent controls and other proposed measures, if passed, will likely have a more meaningful impact on home price growth and sales activity than in Vancouver, where a foreign-buyer tax was implemented last August without similar rent controls," Fitch said. "Vancouver home prices dropped about three per cent after the tax was introduced. However, prices started to rebound in January 2017 and are now close to their peak."
The ratings agency believes investor properties and speculators in the GTA's condo market would be most affected by the changes.
"The proposed rent controls could dampen price growth in the condo market if the rent investors can charge tenants is limited. Investors who are highly leveraged may be forced to sell, which could begin

downward momentum that leads speculators to follow suit. Further, if all measures are passed, municipalities will have the power to introduce a tax on vacant units to encourage sales or rentals of unoccupied units, which may discourage speculators from holding onto vacant properties," Fitch said.
Citing numbers from the Ontario Ministry of Finance and MPAC Property Assessment, Fitch said the number of borrowers who own more than one residential property in the Greater Toronto Area and Hamilton grew by roughly 30 per cent between 2014 and 2016.
"The growth in multiple owned units can be attributed to investors buying units for rental purposes due to the limited supply of rental stock and uncurbed rental increases. This in turn may be driving price and demand momentum from speculators buying properties in anticipation of high returns. Although the limited supply of rentals appears to be a valid supporting factor, the extent of the price increases does not appear to be supported by growth trends in population, income and employment."
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London Free Press: House of troubles; N11; 2017.04.29

How mortgage lender Home Capital went from resilient market darling to the brink

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House of troubles; How mortgage lender Home Capital went from resilient market darling to the brink

As Home Capital Group Inc. was having its worst week ever, at least one person in the investment world was smiling.
Marc Cohodes, a short seller who has been described as a "scourge of Wall Street" has for more than three years bet on the implosion of the Toronto-based alternative mortgage lender. He's been one of the company's most vocal critics, fanning the flames of concern that have lingered since Home Capital acknowledged discovering problems in its broker channels in 2015.
And this week's turmoil was his turn for a victory lap.
"HCG is finished.. Thanks for playing" he tweeted from his account @alderlaneeggs on Wednesday, the day Home Capital's shares fell the most on record, a whopping 64.9 per cent.
While Cohodes' declaration may be premature, there has been much for him to relish on the Home Capital front in recent days.
Since the Ontario Securities Commission filed a statement of allegations against the company on April 19, the company's founder and former CEO, Gerald Soloway, has agreed to step down from the board of directors; there has been a partial run on its funding, with clients pulling out nearly $1 billion of demand

deposits from its subsidiary this week - with $290 million withdrawn on Thursday alone; and it has been forced to take on a pricey $2-billion credit line as an emergency backstop.

Questions now linger about the firm's ability to fund its operations, and there's speculation that a sale or government intervention could be possible.

Given all the turmoil, it is hard to believe Home Capital was once a darling of the Toronto stock market. It came from humble beginnings as Home Savings Loan Corp., a St. Catharines-based company that Soloway, Home Capital's founder, bought in 1987.

At the time, it had just 12 employees, with $51 million in assets and $3 million in equity. By 1990, Home Capital started focusing exclusively on residential lending.

Along with its wholly owned subsidiary, Home Trust Inc., Home Capital aimed to provide mortgages to those who didn't qualify for traditional bank loans - to borrowers were self-employed or had once been bankrupt, or had no credit history.

"It was reporting consistent growth, always meeting their numbers, and 20-plus ROE (return on equity) for many years," said Mike Rizvanovic, an analyst with Veritas Investment Research in Toronto. "It was able to see very rapid growth." Home Capital helped fund its new mortgages with demand deposits such as high interest savings accounts or fixed products such as Guaranteed Investment Certificates (GICs), offering a higher yield than the big banks for the added risk.

By 2001, the company was thriving on customers with spotty credit. Its return on equity in that year was 24.8 per cent - far outpacing the banks' then average of 17.6 per cent.

During the financial crisis of 2008, shares of Home Capital slumped - along with the market.

Yet despite worries about riskier mortgages and where that path had led south of the border, Home Capital's model proved resilient, and it continued to grow. Amid the worst recession in 80 years, earnings per share rose from $2.59 in 2007 to $4.15 in 2009.

By 2010, economists and industry players were warning that the Canadian housing market was getting overheated. But when Ottawa did tighten mortgage lending rules in 2012 and the big banks started pulling back from the non-prime mortgage market, Home Capital stepped into the void and picked up even more business.

On, Aug. 22 2014, Home Capital shares reached a peak of $55.75 on the TSX, a surge of 71 per cent in a single year.

The company, however, was also facing increased scrutiny. It was seen as vulnerable to market instability and, critics said, would be among the first to get hit if the bubble were to burst.

It wasn't until November 2014, when Home Capital's quarterly earnings fell short of analyst forecasts that Cohodes says he first bet against it. "The housing market was very strong, and I'm thinking, 'Hmm, this is my chance.' Because when business and the macro is really good, you shouldn't be missing a quarter," he said.

His timing, it would seem, was uncanny. That same month, behind the scenes, Home Capital had already started terminating relationships with some of its brokers, according to the statement of allegations filed against it by the OSC.

According to the OSC's timeline of events, Home Capital had become aware of irregularities associated with applications for their insured mortgages as far back as June 2014. Two months later, it claims Home Capital launched an internal investigation dubbed "Project Trillium" to examine fraudulent employment income documentation.

And by February 10, 2015, the securities watchdog says Home Capital was finishing up the six-month probe and had cut ties with four underwriters, two brokerages and 30 brokers. These brokers were integral - they had a cumulative total of $881.4 million in mortgage originations in 2014, or roughly 10 per cent of all of Home Capital's originations that year.

But, when Home Capital filed its 2014 annual financial statements that month, the OSC alleges the company made materially misleading statements, blaming the decline on "external vagaries such as macroeconomics, seasonality and competitive markets." It wasn't until July 2015 that the general public heard something was amiss. Home Capital publicly announced on July 10 that a review of its business partners had led it to terminate certain brokers, causing an immediate drop in mortgage originations. The next day, Home Capital's stock price fell by 18.9 per cent - erasing $600 million from its market capital.

On July 29, 2015, at the request ofthe OSC, Home Capital released a statement saying that an external source had told its board about possible discrepancies in income verification information submitted by certain brokers.

"The investigation determined that falsification of income information had occurred but that there was no evidence of falsification of credit scores or property values," Home Capital said at the time, adding that it had cut ties with 45 individual brokers.

Home Capital later tried to assure the market that despite the fraud, the mortgages were solid.

By January Home Capital shares were rising again.In March 2016, Soloway announced he was stepping down from his role as CEO after 30 years but would remain on its board. In October, new federal government mortgage rules required that Canadians prove they could pay at a higher rate than they would actually be paying, to mitigate the impact of any rise in interest rates. Home Capital warned that these new rules could result in a decline of up to 60 per cent of its insured mortgage business.

In February and March, Home Capital said that the OSC had served the company and some of its former and current directors with enforcement notices, charging that it "failed to meet its continuous disclosure obligations" in 2014 and 2015.
"The Company believes the claim is unfounded and intends to vigorously defend the claim," Home Capital said in a statement in March.
Home Capital then fired its longtime president and Soloway's successor, CEO Martin Reid, on March 27, and removed him from the boards of directors from the company's subsidiaries. The sudden dismissal sent Home Capital's shares tumbling by nine per cent.
The OSC filed formal allegations against the company on April 19 and Home Capital shares continued to fall. None of the allegations have been proven, and the company has vowed to defend its approach to disclosure to the OSC.
This week, the fallout came to a head when Home Capital said deposits had dropped by nearly $600 million between March 28 and April 24, and it needed to secure a $2-billion lifeline to mitigate the impact. It did secure one in the end, from a syndicate of lenders including the Healthcare of Ontario Pension Plan at an onerous rate.
To that end, Home Capital has said the terms of the loan agreement would have a "material impact on earnings" and it would not be able to meet its previously announced financial targets.
The Office of the Superintendent of Financial Institutions said it "continues to watch the situation closely."

North Bay Nugget: Lawsuit alleges the province has failed to eliminate years-long wait list for support services; A1 / Front; 2017.04.29

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BYLINE: Cindy Males
SOURCE: North Bay Nugget
KEYWORDS: christopher,ouellette,still,independent,apartment,years
ILLUSTRATION: / Christopher Ouellette;
WORD COUNT: 477

Family joins $110M suit; Lawsuit alleges the province has failed to eliminate years-long wait list for support services

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Christopher Ouellette wants to live on his own.
"I still want to be independent in my apartment."
But it may be years before that can happen. The 18-year-old is autistic and developmentally delayed. Ouellette's name is on a waiting list for supportive housing, but it may be 10 years or longer before he gets the type of apartment he needs because there is a waiting list for available spaces in the community.
"The only way to get into a space is to wait for someone to die," says Denis Ouellette, Christopher's father."
That's why the Ouellette family has joined a $110-million classaction lawsuit against the Ontario government, alleging the province has failed to eliminate the years-long wait list for support services.
Marc Leroux of Timmins launched the suit earlier this month on behalf of his 19-year-old daughter, Briana Leroux, who is non-verbal and requires around-the-clock support.

The statement of claim alleges the Ontario government has ignored the issue of waiting lists for years and the wait times are often indeterminate and will last for years, placing families in a perpetual state of crisis.
It cites a report from 2014 by a legislative committee that recommended the list be eliminated within 12 months, a recommendation it says was rejected by the Ontario Ministry of Community and Social Services.
"We're adding our weight to this," says Linda Thomas-Ouellette, Christopher's step-mother, who hopes other families in similar situations get on board.
"It's harder to ignore thousands of people."
The financial assistance Christopher was receiving from the Ontario government ended when he turned 18 on Oct. 30, 2016 "His needs didn't change because he's 18."
His parents estimate he's lost $4,000 a year since.
Christopher is on a waiting list for Passport Funding, a program that services adults, but it's not clear when he will receive any money.
In the meantime, Christopher's parents are paying for respite and community services out of pocket.
According to the ministry website, 13,000 adults with developmental disabilities were eliminated last month from the 2014 Passport wait list. But media reports say another 11,000 people have requested support since 2015 and are still waiting.
"Christopher has a right to be independent," Linda says.
She started a petition in January to demand the Ontario government take action to address the wait lists and, so far she's collected 600 signatures.
"No one I've asked (to sign) has said no.
Anyone wanting more information about the lawsuit can go to www.kmlaw.ca/waitlistclassaction. It was filed by lawyers Kirk Baert and Jody Brown, of Koskie Minsky LLP.
Christopher's parents hope the lawsuit will resolve the delays in a timely fashion.
"There's been more than enough studies," says Denis. "They can easily have things started within the next year or two.
"Like any parent, we want to know that he's settled. We're not going to last forever."

Toronto Sun: Tory Rips Wynne Budget; A7; 2017.04.29

Says premier had a chance to help T.O., but turned her back

PUBLICATION: Toronto Sun
PAGE: A7
DATE: 2017.04.29
SECTION: News
EDITION: Final
BYLINE: Shawn Jeffords
SOURCE: Political Bureau Chief
KEYWORDS: premier,kathleen,wynne,turned,toronto,according
ILLUSTRATION: Stan Behal, Toronto Sun Files / Toronto Mayor John Tory, left, says it's 'unbelievable'that after weeks of lobbying on the city's behalf, his appeals

were ignored by Kathleen Wynne, right, and her Liberals in the provincial government's latest budget.; / (See hardcopy for photo);

WORD COUNT: 384

Tory Rips Wynne Budget; Says premier had a chance to help T.O., but turned her back

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Premier Kathleen Wynne has turned her back on the City of Toronto.
That's according to Mayor John Tory who said Friday that the Liberal budget has ignored the needs of Ontario's largest city and "economic engine." The statement comes after weeks of vigorous lobbying by the mayor for increased provincial investment in transit and social housing. The city's needs were not met in the budget, he said.
"Premier Kathleen Wynne and her government had a chance to stand up for Toronto on transit and on housing," Tory said. "Instead, at least on the pages of this budget, they turned their backs."
Tory's war of words with the Wynne government began in January when the premier stunned the mayor by rejecting his proposal to toll the Gardiner Expressway and Don Valley Parkway. Since then, Tory has used most of his speaking engagements and media availabilities to stress that the Liberals must pony up billions in funding to help the city.
Tory said that the government, often in reply to his comments, trots out a list of funding it has committed in past years. Now is the time to invest for the future, and the province has missed an opportunity, he said.
"We need a provincial partner who is focused on building our city's future and not measuring its achievements in dollars already spent," he said. "You can't play a highlights reel of last year and expect people to believe that you're going to be on the ice for the next game."
Asked about Tory's comments Friday, Wynne said she was "disappointed". She then listed the transit projects and social housing funds the province has made in previous years.
"We are meeting what the mayor is looking for in many, many ways," Wynne said. "He's been our partner. We're going to continue to work with him."
Tory said he intends to meet with Toronto MPPs and opposition leaders in hopes that he can persuade them to pressure Wynne into dedicating more cash to Toronto. He also plans to ask the federal government insist the province make matching investments during the next wave of infrastructure spending.
"I'm disappointed, I'm frustrated," Tory said. "I find it unbelievable that we would miss the opportunity when you do have the federal government stepping up in a significant way." sjeffords@postmedia.com

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Ottawa Citizen: Renters finally getting property tax justice; D4; 2017.04.29

Province has made moves to level playing field for all, says Alex Cullen

PUBLICATION: Ottawa Citizen
PAGE: D4
DATE: 2017.04.29
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BYLINE: Alex Cullen.
SOURCE: Ottawa Citizen
KEYWORDS: commentary,ontario,premier,kathleen,recent,announcement
WORD COUNT: 412

Renters finally getting property tax justice; Province has made moves to level playing field for all, says Alex Cullen

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Commentary on Ontario Premier Kathleen Wynne's recent announcement of housing initiatives has focused on rent control and real estate tax on speculative properties.
However, buried among these 16 housing initiatives is a measure that finally redresses an injustice in Ontario's property taxation that renters have had to bear: a proposal that the multiresidential sector be taxed at the same rate as the residential sector.
Historically, the multiresidential sector (apartment buildings of six units or more) were treated as businesses and taxed at a higher rate than residences. While the landlord received the property tax bill, it was the tenants who paid for it through rents. This creates the anomaly of a condominium building in Ottawa facing a rental building, built by the same developer and of equal quality, where the renters there pay 1.45 times the property tax as their condo cousins.
This injustice is underlined by the fact that the average household income of renters in Ottawa (at $51,725 a year) is less than half compared to homeowners ($118,200 a year). And, according to the same data, more than 38 per cent of renters are paying more than 30 per cent of their gross income on rent. That's more than 45,000 renters carrying an unjustifiably higher property tax burden they can ill afford.
This injustice has been long known - in 1993 the Ontario Fair Tax Commission determined there was no justification for a distinction in property tax rate policy on the basis of tenure by the occupant. The commission recommended that all residential property should be assessed on the same basis, whether occupied by an owner or a tenant.
This recommendation was later echoed by a 2001 City of Ottawa task force. As a result, council adopted a policy of gradually reducing the multiresidential tax rate from 2.78 (in 2001) times the residential property tax rate, to the now 1.45 in 2017. It has been a slow process but the end is now in sight.
However, while the Ontario government's initiative is welcome, it will have to ensure the reduction in the multi-residential tax rate to the residential rate is passed on to renters. The Residential Tenancy Act will need to be amended to provide for this.
It won't be a big windfall for renters, but it is a matter of justice. Alex Cullen, former Ottawa city councillor (2000-2010) and chair, City of Ottawa Task Force on Property Assessment and Property Tax Issues (2001).

Ottawa Citizen: Wynne Liberals are right on rent control plan; D4; 2017.04.29

The market has failed to make housing affordable for too many Ontarians

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DATE:	2017.04.29
SECTION:	Editorial
EDITION:	Early
BYLINE:	Mohammed Adam
SOURCE:	Ottawa Citizen
KEYWORDS:	doubt,thing,control,matters,millions,ontarians
WORD COUNT:	641

Wynne Liberals are right on rent control plan; The market has failed to make housing affordable for too many Ontarians

Let there be no doubt about one thing: Rent control matters to millions of Ontarians, and the Liberal government is right to pursue housing reforms now part of the budget unveiled by Finance Minister Charles Sousa.
While the proposed 15-per-cent tax on foreign buyers has dominated the headlines, the most significant change for many is the dismantling of the discriminatory 25-year-old law that exempted units built after 1991 from rent control. That law was fundamentally unfair because it created a twotier rental market that gave one group of landlords the right to charge at will, while imposing caps on the other.
Expanding rent control to cover all private units, regardless of when they were built, no doubt levels the

playing field. And that's good for renters.
The 1992 legislation in question was enacted in the belief that removing rent caps on new buildings would invigorate the home industry, and with rising profits and demand, developers would be eager to build more rental units.
But there's theory and there's reality. The anticipated surge in rental construction never materialized. Developers built more and more condos that were not subject to rent control, but little that was affordable.
"The reality is there hasn't been any more rental built, there have not been rental buildings built in any comprehensive way," Premier Kathleen Wynne said recently.
She is right. Still, the housing industry and some economists continue to insist things work best when left to the market, and that any attempt at rent control will kill rental construction.
"Even the very mention of rental control as an option is having a chilling effect on developers. From recent discussions with developers we know that it is already impacting decisions," CIBC economist Benjamin Tal wrote in a recent report.
But here's the thing: Developers had great incentive for 25 years to build and make the market work for renters but that didn't happen in any meaningful way. Now that they are being held accountable, builders are predicting doom and gloom to get their way.
Whether the issue is raising minimum wage, protecting the environment and a host of others, the business sector resorts to wild predictions of economic disaster. For the most part, these "skywill-fall" predictions are an excuse to maintain the status quo, but the thing is, we can't wait another 25 years for renters to get relief.
Remember that about 30 per cent of Ontario households rent - and many of them are hurting right now. As a society, we just can't say, "it's free enterprise so let the markets decide" and hope for the best.
Somebody has to act to stabilize a market run amok, and the Liberal government is right to press ahead with reforms.
It is doubtful that the quality of life now enjoyed would have been as good as it is today if Western societies had pinned their fates entirely to the dictates of the free market. Yes, governments should intervene as little as possible in the private sector.
But there comes a time when government needs to step in and be the catalyst for change. On the housing crisis, the time is now.
The limited measures announced to deal with the problem are appropriate. The 16-point package is obviously not a silver bullet. It is only a start. There's more governments can do - such as reducing development charges, cutting the time for development approvals and making more public land available - to stimulate rental construction.
The problem today is largely Toronto's and some in other cities might think it's not their issue. But it could easily be Ottawa tomorrow, so we all have a stake in finding a solution.
Fortunately, all three major parties at Queen's Park seem to agree on what needs to be done.
Let's implement these measures and build on them. Mohammed Adam is an Ottawa writer.

Ottawa Citizen: How mortgage lender Home Capital went from darling to the brink; C7; 2017.04.29

PUBLICATION: Ottawa Citizen
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DATE: 2017.04.29
SECTION: Financial Post
EDITION: Early
BYLINE: Armina Ligaya
SOURCE: Financial Post
KEYWORDS: capital,group,having,worst,person,investment
ILLUSTRATION: Peter J. Thompson / Home Capital faces turmoil after a week of setbacks

that sparked speculation of a sale or government intervention.;

IMAGES: Peter J. Thompson / Home Capital faces turmoil after a week of setbacks that sparked speculation of a sale or government intervention. [OTCT_20170429_Early_C7_02_I001.jpg];

WORD COUNT: 1361

House Of Troubles; How mortgage lender Home Capital went from darling to the brink

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As Home Capital Group Inc. was having its worst week ever, at least one person in the investment world was smiling.
Marc Cohodes, a short seller who has been described as a "scourge of Wall Street" has for more than three years bet on the implosion of the Toronto-based alternative mortgage lender. He's been one of the company's most vocal critics, fanning the flames of concern that have lingered since Home Capital acknowledged discovering problems in its broker channels in 2015.
And this week's turmoil was his turn for a victory lap.
"HCG is finished.. Thanks for playing" he tweeted from his account @alderlaneeggs on Wednesday, the day Home Capital's shares fell the most on record, a whopping 64.9 per cent.
While Cohodes'declaration may be premature, there has been much for him to relish on the Home Capital front in recent days.
Since the Ontario Securities Commission filed a statement of allegations against the company on April 19, the company's founder and former CEO, Gerald Soloway, has agreed to step down from the board of directors; there has been a partial run on its funding, with clients pulling out nearly $1 billion of demand deposits from its subsidiary this week - with $290 million withdrawn on Thursday alone; and it has been forced to take on a pricey $2-billion credit line as an emergency backstop.
Questions now linger about the firm's ability to fund its operations, and there's speculation that a sale or government intervention could be possible.
Given all the turmoil, it is hard to believe Home Capital was once a darling of the Toronto stock market. It came from humble beginnings as Home Savings Loan Corp., a St. Catharines-based company that Soloway, Home Capital's founder, bought in 1987.
At the time, it had just 12 employees, with $51 million in assets and $3 million in equity. By 1990, Home Capital started focusing exclusively on residential lending.
Along with its wholly owned subsidiary, Home Trust Inc., Home Capital aimed to provide mortgages to those who didn't qualify for traditional bank loans - to borrowers were self-employed or had once been bankrupt, or had no credit history.
"It was reporting consistent growth, always meeting their numbers, and 20-plus ROE (return on equity) for many years," said Mike Rizvanovic, an analyst with Veritas Investment Research in Toronto. "It was able to see very rapid growth."
Home Capital helped fund its new mortgages with demand deposits such as high interest savings accounts or fixed products such as Guaranteed Investment Certificates (GICs), offering a higher yield than the big banks for the added risk.
By 2001, the company was thriving on customers with spotty credit. Its return on equity in that year was 24.8 per cent - far outpacing the banks'then average of 17.6 per cent.
During the financial crisis of 2008, shares of Home Capital slumped - along with the market.
Yet despite worries about riskier mortgages and where that path had led south of the border, Home Capital's model proved resilient, and it continued to grow. Amid the worst recession in 80 years, earnings per share rose from $2.59 in 2007 to $4.15 in 2009.
By 2010, economists and industry players were warning that the Canadian housing market was getting overheated. But when Ottawa did tighten mortgage lending rules in 2012 and the big banks started pulling back from the non-prime mortgage market, Home Capital stepped into the void and picked up even more business.
On, Aug. 22 2014, Home Capital shares reached a peak of $55.75 on the TSX, a surge of 71 per cent in a single year.
The company, however, was also facing increased scrutiny. It was seen as vulnerable to market instability and, critics said, would be among the first to get hit if the bubble were to burst.
It wasn't until November 2014, when Home Capital's quarterly earnings fell short of analyst forecasts that Cohodes says he first bet against it. "The housing market was very strong, and I'm thinking, 'Hmm, this is my chance.'Because when business and the macro is really good, you shouldn't be missing a quarter," he said.
His timing, it would seem, was uncanny. That same month, behind the scenes, Home Capital had already started terminating relationships with some of its brokers, according to the statement of allegations filed against it by the OSC.

According to the OSC's timeline of events, Home Capital had become aware of irregularities associated with applications for their insured mortgages as far back as June 2014. Two months later, it claims Home Capital launched an internal investigation dubbed "Project Trillium" to examine fraudulent employment income documentation.
And by February 10, 2015, the securities watchdog says Home Capital was finishing up the sixmonth probe and had cut ties with four underwriters, two brokerages and 30 brokers. These brokers were integral - they had a cumulative total of $881.4 million in mortgage originations in 2014, or roughly 10 per cent of all of Home Capital's originations that year.
But, when Home Capital filed its 2014 annual financial statements that month, the OSC alleges the company made materially misleading statements, blaming the decline on "external vagaries such as macroeconomics, seasonality and competitive markets."
It wasn't until July 2015 that the general public heard something was amiss. Home Capital publicly announced on July 10 that a review of its business partners had led it to terminate certain brokers, causing an immediate drop in mortgage originations. The next day, Home Capital's stock price fell by 18.9 per cent - erasing $600 million from its market capital.
On July 29, 2015, at the request of the OSC, Home Capital released a statement saying that an external source had told its board about possible discrepancies in income verification information submitted by certain brokers.
"The investigation determined that falsification of income information had occurred but that there was no evidence of falsification of credit scores or property values," Home Capital said at the time, adding that it had cut ties with 45 individual brokers.
Home Capital later tried to assure the market that despite the fraud, the mortgages were solid.
By January Home Capital shares were rising again.In March 2016, Soloway announced he was stepping down from his role as CEO after 30 years but would remain on its board. In October, new federal government mortgage rules required that Canadians prove they could pay at a higher rate than they would actually be paying, to mitigate the impact of any rise in interest rates. Home Capital warned that these new rules could result in a decline of up to 60 per cent of its insured mortgage business.
In February and March, Home Capital said that the OSC had served the company and some of its former and current directors with enforcement notices, charging that it "failed to meet its continuous disclosure obligations" in 2014 and 2015.
"The Company believes the claim is unfounded and intends to vigorously defend the claim," Home Capital said in a statement in March.
Home Capital then fired its longtime president and Soloway's successor, CEO Martin Reid, on March 27, and removed him from the boards of directors from the company's subsidiaries. The sudden dismissal sent Home Capital's shares tumbling by nine per cent.
The OSC filed formal allegations against the company on April 19 and Home Capital shares continued to fall. None of the allegations have been proven, and the company has vowed to defend its approach to disclosure to the OSC.
This week, the fallout came to a head when Home Capital said deposits had dropped by nearly $600 million between March 28 and April 24, and it needed to secure a $2-billion lifeline to mitigate the impact. It did secure one in the end, from a syndicate of lenders including the Healthcare of Ontario Pension Plan at an onerous rate.
To that end, Home Capital has said the terms of the loan agreement would have a "material impact on earnings" and it would not be able to meet its previously announced financial targets.
The Office of the Superintendent of Financial Institutions said it "continues to watch the situation closely."

Windsor Star: How mortgage lender Home Capital went from resilient market darling to the brink; B1 / Front; 2017.04.29

PUBLICATION: Windsor Star
PAGE: B1 / Front
DATE: 2017.04.29
SECTION: Financial Post

EDITION: Early
BYLINE: Armina Ligaya
SOURCE: Financial Post
KEYWORDS: capital,group,having,worst,person,investment
ILLUSTRATION: Peter J. Thompson / Home Capital faces turmoil over its future after a week of setbacks that included its shares'dive, sparking speculation of a potential sale or government intervention.;
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WORD COUNT: 1361

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Toronto Star: Home Capital loan woes may hit Toronto market; B2; 2017.04.29

Alternative lender may face trouble financing its loans if deposits continue to erode

PUBLICATION: Toronto Star
PAGE: B2
DATE: 2017.04.29
SECTION: BX
EDITION: ONT
BYLINE: Scott Deveau, Allison McNeely and Doug Alexander Bloomberg
KEYWORDS: capital,group,credit,canadian,pension,biggest
ILLUSTRATION: The fallout from Home Capital may lead to a cooling of the housing market if other alternative lenders withdraw. Graeme Roy/THE CANADIAN PRESS FILE PHOTO
WORD COUNT: 549

Home Capital loan woes may hit Toronto market; Alternative lender may face trouble financing its loans if deposits continue to erode

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Home Capital Group Inc.'s $2-billion credit line from a Canadian pension fund buys it some time as the country's biggest alternative mortgage lender faces a run on deposits that may spark a sale of the company.

Healthcare of Ontario Pension Plan (HOOPP) agreed to provide the one-year credit line after the mortgage company lost 60 per cent of its high-interest deposits in four weeks following accusations from regulators that it misled investors. Home Capital said it hired bankers for "strategic advice," signalling it may be on the block.

Home Capital, which plunged 65 per cent Wednesday before recouping some losses Thursday, is being watched closely by investors concerned about early signs of a collapse in Canada's frothy housing market. Prices have soared more than 30 per cent in Toronto and surrounding cities and household debt has jumped to record highs.

Though Home Capital's mortgage book of almost $16 billion accounts for less than 1 per cent of Canada's mortgage market, it will have trouble financing its loans if deposits continue to erode.

Home Capital's woes also dragged down stocks of other alternative lenders this week, including Equitable Group Inc. and First National Financial Corp.

The fallout from Home Capital may lead to a cooling of the housing market if these alternative lenders withdraw and some homebuyers lose access to mortgages, said Sumit Malhotra, an analyst at Bank of Nova Scotia. Home Capital lends to clients who can't get loans from commercial banks.

"There is an argument to be made that a reduced level of participation from alternative lenders would restrict funding for certain buyers, not necessarily a bad thing in a surging home price environment," Malhotra wrote in a note to clients.

The pension fund loan comes at a steep cost for Home Capital, which also has a $325-million bond maturing next month. The one-year credit line led by HOOPP has a 10-per-cent interest rate on outstanding balances and a 2.5-per-cent rate on undrawn amounts. Under the terms of the loan, Home Capital is required to make an initial $1-billion draw and pay a non-refundable commitment fee of $100 million.

The loan is secured by a pool of mortgages originated by Home Trust, the company's mortgage origination subsidiary.

Malhotra estimates the cost to access half the credit line will be $225 million, or two-thirds of Home Capital's pre-tax profit last year.

"The hefty cost associated with this financing once again underscores that a stable funding profile is the lifeblood of the banking system and a disruption in this regard will destabilize a lender," he said, adding that credit quality isn't an issue for Home Capital. The lender's delinquency rate is just 0.21 per cent.

S&P Global Ratings downgraded Home Capital Thursday to junk with a B+ rating, from BBB-, the lowest level of investment grade. The senior unsecured rating on Home Trust was lowered to BB from BBB.

DBRS Ltd. downgraded Home Capital to BB from BBB (low) and placed all ratings under review with negative implications on April 26.

Separately, HOOPP's president and chief executive officer Jim Keohane said he recused himself from the lending talks and stepped away from Home Capital's board last Tuesday before formally resigning on Thursday. He also said that Kevin Smith, Home Capital's chairperson, has stepped down from HOOPP's board.

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Toronto Star: 'They turned their backs' on Toronto; GT1; 2017.04.29

Lack of provincial funding for transit, social housing disappointing, Tory says

PUBLICATION: Toronto Star
PAGE: GT1
DATE: 2017.04.29
SECTION: Greater Toronto
EDITION: ONT
BYLINE: Ben Spurr and Jennifer Pagliaro Toronto Star
KEYWORDS: mayor,accused,premier,kathleen,government,turning
WORD COUNT: 1031

'They turned their backs' on Toronto; Lack of provincial funding for transit, social housing disappointing, Tory says

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Mayor John Tory has accused Premier Kathleen Wynne's government of turning its back on Toronto following a budget announcement that provided no new money for social housing repairs and failed to match federal commitments for transit.

"The most crucial needs of the people of the city of Toronto were not met by this budget," Tory told reporters a day after the province released a balanced budget that was touted for new drug coverage and increases to child care. "Premier Kathleen Wynne and her government had a chance to stand up for Toronto on transit and on housing. Instead, at least on the pages of this budget, they turned their backs."

Tory flatly admitted that without provincial funding, the transit projects that council has designated as its top priorities won't be completed.

The recent federal budget committed what city officials estimate will be between $4.5 billion and $5 billion to pay up to 40 per cent of the cost of new transit projects.

The mayor had called on Queen's Park to match the federal funding, but his hopes were dashed with Thursday's budget announcement.

"Let's be clear, without matching dollars from the province, the relief line cannot be built," Tory said. "Waterfront transit will not be built. The Eglinton East LRT cannot be built."

The province is already investing billions of dollars in Toronto transit, including the Eglinton Crosstown and Finch West LRTs, and an expansion of GO Transit service that supports the mayor's SmartTrack plan.

Tory acknowledged these previous commitments, but asserted that "decades of inaction on transit" means that "continuous investment" from Queen's Park is required.

"I don't think there's a single person you would find in the city of Toronto who would say we should just stop building transit now with the list of projects that we have and not bother going forward," he said.

Tory also said the province had failed to come forward with desperately needed cash for social housing repairs - that he expected the government to speak "clearly and with conviction" about the needs of those vulnerable residents.

He was disappointed.

"Yes, the Government of Ontario has taken steps to cool our housing market and make things more affordable for those who can afford to buy," he said. "But the province also owes something to those who rely on social housing for a roof over their heads - a roof that past provincial governments built, failed to maintain, and then handed off to cities, especially Toronto."

By the end of next year, Toronto Community Housing is planning to have closed 1,000 units if more funds aren't secured. The budget for repairs in 2018 is currently $350 million short on cash, not including the committed new federal funding, of which the details are still unknown.

Many of the buildings were previously downloaded by the province with a decades-long repairs backlog and no money in reserves to make amends.

"I just don't think that people thought that, as the federal government finally came through the door to say 'we're here to be part of transit and housing,' that they expected to see the province on the way out the same door, kind of saying, 'Well, for the future, we don't really have any plans,'" Tory said.

The mayor said he trusted Wynne understood Toronto's needs, stopping short on Friday of blasting the premier for that inaction on the transit and housing files, after he had for months repeated that it would be a "grave mistake" for the province to do nothing in the wake of a reversal on allowing the city to toll its own expressways. Speaking later in the day to reporters at Thorncliffe Park, Wynne said she was "disappointed" in Tory's analysis that the budget is shortchanging Toronto.

"When I look at the billions of dollars that we are investing in Toronto ... we have made a significant, significant investment," she said, citing LRT lines on Finch and Sheppard Aves., the Eglinton Crosstown LRT, the Scarborough subway extension, upgrades to Union Station and plans to give the city an additional $170 million in annual gas tax revenue. "I know that Mayor Tory is talking about 'well, what comes next.' These are multi-year projects."

Wynne said her government is also "very committed to both affordable and social housing," noting $130 million can be used towards green energy retrofits, including for social housing. She did not address the ongoing request the province contribute a one-third share - or $864 million - for needed repairs to prevent the buildings from crumbling.

Council has designated four transit projects as its top priorities: the relief line subway, Waterfront LRT lines, the Eglinton East LRT and Tory's SmartTrack plan. Together they will cost an estimated $13.6 billion.

Although the city has agreed to pay for SmartTrack without a direct provincial contribution, the other projects are mostly unfunded and the lack of money for them in Thursday's budget leaves them in limbo. The shortfall for the $1.6-billion Eglinton East LRT, in particular, could prove politically problematic for Tory as it threatens to throw a wrench into the highly charged debate over Scarborough transit.

Tory pitched the LRT, which would be an extension of the Crosstown to the University of Toronto's Scarborough campus, as part of a package of Scarborough transit that includes the controversial one-stop subway extension to the Scarborough Town Centre.

The mayor originally said that both lines could be paid for using a $3.56 billion in funding previously secured from all three levels of government. However, since he first floated the plan in January 2016, the cost of the subway extension has ballooned by over $1 billion to $3.35 billion, leaving no money for the LRT.

Tory refused to concede that Scarborough could end up with just a single subway stop out of the plan, however, saying he would pressure Toronto Liberal MPPs to change the premier's mind.

"I'm not going to go to the place that says, well it's not going to get done - any one of these," he said. "I'm determined to see it built because it is part of the plan for Scarborough."

With files from Robert Benzie

Toronto Star: Housing measures don't address supply problem; H2; 2017.04.29

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PAGE: H2
DATE: 2017.04.29
SECTION: NH
EDITION: ONT
BYLINE: Bryan Tuckey
KEYWORDS: ontario,government,finally,taken,action,housing
ILLUSTRATION: Ontario Premier Kathleen Wynne has plans to tackle the housing crisis in the GTA, but is it enough?
WORD COUNT: 599

Housing measures don't address supply problem

We're glad the Ontario government has finally taken some action on our housing crisis in the GTA, something we have been urging for many months. It is unfortunate, however, that they are not doing enough to address the underlying causes of our housing supply problems.

The measures announced by the government are largely aimed at addressing the symptoms of the problems. They do little to address the real issues: not enough new housing, and not the right mix of housing, is being built to keep up with consumer demand or needs of this region.

The supply of new housing is critical to the overall health of the housing market. The only way you create more homes is to build them and, since this is a fast-growing region, we need to build a lot of them.

On the new housing side of things, we track the status of supply by measuring how much inventory is available at the end of the month. By looking at what is still available at the end of each month for home buyers to purchase, we get a very clear indication of how healthy supply is - and whether we are meeting the needs of the market and supplying buyers with what they want and need.

BILD has been tracking this information consistently for more than 15 years and what we have seen in recent years is a scary drop in inventory with each month bringing a record low for available supply.

Over the past year we have seen supply drop in half. The number of new homes available to buyers in builder inventories dropped from 21,006 at the end of March 2016 to 10,153 homes last month, according to Altus Group, BILD's official source for new-home market intelligence.

The ongoing decline in new housing inventory is a direct reflection of how difficult it is for the industry to bring product to the market. The hurdles builders face keep getting higher. There were few tangible measures in the government's plan to deal with the many systematic barriers currently limiting supply, such as the excessive red tape around approvals and getting permits, out-of-date zoning bylaws and the lack of infrastructure needed to make land developable.

Moreover, the government's plan does little to deal with or even acknowledge that a critical root cause of our current housing challenges is the disconnect between market demand for lowrise single family homes and the province's policies requiring higher density development.

The industry is following the provincial government's intensification policy and we are building and selling far fewer lowrise homes, which includes detached, semi-detached and townhomes, than we were a decade ago, but demand for those homes has not dropped.

The available supply of single-family, lowrise homes has taken a nosedive since the intensification policy was introduced in 2006. There were only 932 new lowrise homes available to buyers in builder inventories at the end of March, whereas a decade ago there were 17,854 available.

The scarcity is especially pronounced in the number of single-detached homes. In March 2007 there were 11,802 new detached homes available in the GTA. Last month there were 233.

The story the inventory numbers are telling is very clear. Not enough new housing and not the right mix of housing is being built to keep up with consumer demand or our housing needs.

Bryan Tuckey is president and CEO of the Building Industry and Land Development Association (BILD) and is a land-use planner who has worked for municipal, regional and provincial governments. Find him at twitter.com/bildgta, facebook.com/bildgta and bildblogs.ca.

Toronto Star: Wood frames could fill home market's missing middle; H4; 2017.04.29

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SECTION: NH
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BYLINE: George Carras
KEYWORDS: great,three,levels,government,finally,starting
ILLUSTRATION: Six-storey wood-frame buildings could house 500,000 people in Toronto over the next two decades.

WORD COUNT: 529

Wood frames could fill home market's missing middle

It's great to see that all three levels of government are finally starting a dialogue on the Toronto housing market and contemplating a co-ordinated introduction of new policies to help solve problems in the market - many of which arose from policy conflicts.

But it's highly unlikely to expect an overnight solution to the many complicated and highly political problems that have been in the making for over a decade.

There is a real need for true innovation in the GTA housing market and, while a lot of that may ultimately require government approval, we should not overlook a recently approved innovation that is still in its infancy: six-storey wood frame construction. Six-storey wood frame buildings became legal in Ontario in January 2015. Though very few sites have been developed in such a form over the past two years, market awareness of wood frame construction is steadily growing, and it's been gaining traction within the development industry.

One of the areas of greatest need in the Toronto housing market has been dubbed the "missing middle": gentle density that's between three and 11 storeys, located in transit-friendly areas that can deliver affordable housing for families (or between 2.32 and 2.88 people per unit). With 162 kilometres of avenues in the city of Toronto approved for wood-frame projects, this innovative form of development could create a supply of family housing in an affordable form for approximately 500,000 people over the next two decades.

Units in these buildings are delivered five or six at a time, and the structures can take less than a year to develop, with each floor containing approximately 800 square feet of space and with dedicated elevator access. This differs significantly from traditional highrise apartment construction, where the timeline is three to four years and 300 to 600 units are delivered all at once.

The properties on which these new six-storey wood projects will be built are generally owned by private owners and entrepreneurs, who often run their businesses on the ground floor of these buildings.

It's possible these owners have children or parents who may need the housing that new wood-frame developments will provide. These buildings are also capable of creating real value for owners through the introduction of additional rental income.

And this new supply of affordable multi-family housing will have a broader market impact by freeing up existing housing stock to supply the resale or rental market.

Innovation is about putting new ideas to use and, of course, learning from them. There are no silver bullets to the housing market issues we face, particularly when it comes to supply.

It takes time for a new idea to get introduced, for market awareness of it to take hold, and for its impacts to be realized. It's still early days for six-storey wood development here in Toronto. But it should not be overlooked as an essential part of the solution to Toronto's pressing housing market challenges.

George Carras is the president of RealStrategies Inc. and the founder of RealNet Canada Inc. (now part of Altus Group). His column appears in New in Homes & Condos once a month. For more information, visit realstrategies.ca.

Waterloo Region Record: Local homebuyers pushed to the brink; A1; 2017.04.29

Region's new listings spark a feeding frenzy as prices soar

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BYLINE: Greg Mercer, Record staff

KEYWORDS: handwritten,letter,waiting,mailbox,writer,walking
ILLUSTRATION: Amy and Joe Martz sit with their daughter, Lucy, on the front steps of their Kitchener home. The Martzes received a handwritten letter in their mailbox, asking if they'd like to sell their house.Mathew McCarthy, Record staff
WORD COUNT: 1448

Local homebuyers pushed to the brink; Region's new listings spark a feeding frenzy as prices soar

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The handwritten, hand-delivered letter was waiting in Joe Martz's mailbox. The writer said he was walking in the neighbourhood, saw the Martz family home, and was wondering if they wanted to sell.

Martz, a photographer who lives in a three-bedroom, 1920s-era house near Victoria Park with his wife and young daughter, suspects his neighbours all got the same letter. It appeared to be photocopied and carried a Toronto-area phone number.

"At first I laughed when I saw it, and threw it in the recycle bin. Then I left it on the counter for my wife to see, and said, 'Hey, we got an offer on the house,'" he said.

The would-be buyer even offered $500 cash if the Martzes could put him in touch with a neighbour who might be thinking of selling.

But even if the Martzes wanted to sell, they say they can't. As a growing family, they'd still need to buy another house in the area. Which, at the moment, is proving very difficult in Waterloo Region.

"If we decided to sell, it would probably go way over asking. But then if we wanted to buy anything, we'd be stuck. It's insane how expensive things are out there," Martz said.

"For people who want to upgrade, you're kind of screwed. So I guess we'll renovate and stay here for a while."

As an influx of Toronto-area buyers aggressively drive up prices, people who want to own a home in Waterloo Region are getting increasingly desperate. Combined with a healthy local economy, low borrowing rates, improving transit options and a limited supply of properties, the region's real estate market is in uncharted territory.

It's all sending local house values soaring - pushing the average residential sale price of a home in Waterloo Region up more than $100,000, or about 30 per cent, in the last year. Many homes are selling in a matter of days, not weeks. Others are already sold before they're formally listed.

A housing market this hot is obviously great for sellers. But it's extremely frustrating for prospective buyers who are getting beat out of bidding wars.

"You get very stressed about it," said Kitchener's Dorothy McGeagh, whose daughter is trying to buy her first house. "As a first-time homebuyer, you don't stand a chance. And especially with bidding wars and these bully offers that come in."

In March, McGeagh spent two days lining up for the chance to buy a unit in a new condo development in Williamsburg. She waited in line all day on a Friday to get a lottery number allowing her to return the following day.

But when she finally got into the sales centre on Saturday, she found real estate agents had already claimed most of the units.

"There's very little actually available, and all the plum, choice units are all gone. The ones you'd actually want are all pre-sold to friends and relatives," McGeagh said. "You waste two days standing in line for nothing."

Realtors, meanwhile, say it's a whole new world out there. Many homes are being sold at above asking before they're even listed, and multiple offers and bidding wars have become the standard, not the exception.

Whenever listings for new-build homes come online, they often spark a feeding frenzy. In some cases, people are lining up for appointments, and then selling that access to realtors who were shut out.

So-called bully offers, where a buyer aggressively pursues a house by submitting an offer before the scheduled "offer day," are happening more and more. Sellers are sometimes listing properties as "coming soon" to spark bidding wars before they're even on the market.

Realtors say with that kind of cutthroat competition, they have to work harder than ever to close deals for their clients.

"We've never seen this kind of aggression in the market before, and we've never had to work harder," said James Craig, president of the Kitchener-Waterloo Association of Realtors. "One of the notions people have is that in such a hot real estate market, agents must be killing it. But it's actually contrary."

The soaring home prices are also pushing some buyers out of Waterloo Region and into more affordable communities such as Woodstock, Brantford, Listowel and elsewhere, Craig said. Some of those who are leaving are sellers who are cashing in and moving away, while others are couples who are choosing to commute because they're getting priced out of living in Waterloo Region.

"People want to own a home, so they keep moving farther out. It's a ripple effect," said Jim Robinson, president of the Cambridge Association of Realtors.
With some luck and an aggressive approach, people are still managing to buy homes in this crazy market. Jennifer and Connor Smith were able to buy their first home, a 3.5-bedroom war-era house in Cambridge, after looking for just one week in March.
But to get it, they had to make a blind offer - waving all conditions, including a home inspection, and going $20,000 above asking. When their offer was accepted, they had just 12 hours to sign off. It made for a stressful few days, but the Smiths are thrilled they got their house.
"We pretty much gave them anything they wanted. Anything that we could do to make us look better than the other offers, we did. You have to," said Jennifer Smith, a 29-year-old teacher.
"It was very nerve-racking, but we lucked out. We should not have this house. But that's why you need to go out and take a chance."
The Smiths say they focused on Cambridge because homes in Kitchener and Waterloo are becoming unaffordable. They were scared off after a house in Kitchener of similar size to the one they bought went $80,000 over the asking price.
Charlotte Zawada, a veteran local real-estate agent, says she's been coaching her clients to brace for the new realities of home shopping in Waterloo Region.
"It is frustrating," she said. "I work with my buyers to help them understand what happened. But it seems almost like a light switch here, and things changed."
Starting late last summer, Zawada began seeing more Toronto, Mississauga and Brampton-area agents competing for local homes. Now those GTA realtors are a significant part of the market, and they're bringing a more bare-knuckle style to real estate transactions.
"They're my competition now," she said. "They've been in this kind of market for several years now, and they're not intimidated. They know how to be aggressive. But it's taken the local buyer and agent some time to get an idea of what we're up against."
The province is promising a package of legislation it hopes will curb some of the forces driving up house prices, including new taxes on foreign buyers and land speculators.
Realtors argue the only solution to their overheated market is to start building more homes, including more affordable townhomes and condos, giving first-time buyers an accessible entry point into the housing market.
More rental properties are needed, they say, so that empty-nesters will be inclined to sell their homes and downsize. And buyers just might have to lower their expectations, too.
"The idea of what home ownership is might have to change," Craig said. "Times have changed. Instead of a single family home, you might be looking at an apartment-condo, or a townhouse or a semi-detached."
Robinson, president of the Cambridge Association of Realtors, is skeptical the new provincial measures will have much impact. He says it's more about political optics, than making any effective changes.
In some neighbourhoods, the pressure on would-be homeowners is more pronounced.
"You have families in our neighbourhood who are being pushed out by foreign investors," Melissa Davis-Capka, a member of the Beechwood North Homes Association in Waterloo.
"There are people who are buying houses who aren't living in the region, and they're pushing the price up even higher in bidding wars and outbidding families who want to buy a home."
She estimates as many as 10 per cent of the homes in her neighbourhood are owned by foreign buyers, and are typically converted into rental housing for university students.
Statistics on foreign buyers aren't tracked by local real estate associations, although they soon will be. But many in the industry believe the amount of foreign ownership in the region's housing market is somewhere between three to five per cent.
Robinson says realtors recognize a lot of buyers are feeling squeezed right now. He urges patience.
"If you keep going, eventually, you are going to buy a house. It may take you 20, 25 offers, but each time you submit an offer and it's rejected, you learn from that experience," he said.

Online

Toronto Star: Housing measures don't address supply problem: Bry

Not enough new housing, and not the right mix of housing, is being built to keep up with consumer demand or the needs of the GTA.

By BRYAN TUCKEYSpecial to the Star
Sat., April 29, 2017
We're glad the Ontario government has finally taken some action on our housing crisis in the GTA, something we have been urging for many months. It is unfortunate, however, that they are not doing enough to address the underlying causes of our housing supply problems.

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Bryan Tuckey is president and CEO of the Building Industry and Land Development Association (BILD) and is a land-use planner who has worked for municipal, regional and provincial governments. Find him at twitter.com/bildgta , facebook.com/bildgta and bildblogs.ca.

Financial Post: *Toronto home prices headed for a tumble? Ratings service considers the*

POSSIBILITY

Garry Marr | April 28, 2017 5:25 PM ET
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Massive gains in house prices across the Greater Toronto Area could be coming to an end with a correction even in the cards, says a leading U.S. Ratings agency.

Fitch Ratings believes the province's 16-point plan to create affordability in the Greater Golden Horseshoe — an area home to nine million people and that wraps around the GTA in the southern end of the province — may derail the market.

"Ontario's proposed legislation aimed at tempering home prices in the greater Toronto area should help slow price growth and possibly lead to a price correction," the agency said in a note Friday. "Toronto home prices are up more than 40 per cent in the past three years, far outpacing the supporting economic fundamentals in the area."

The provincial government announced new measures on April 20 to cool the market after the Toronto Real Estate Board reported average resale prices in the GTA rose 33 per cent in March from a year ago. The averaged new detached home is now selling for about $1.78 million, climbing 70 per cent over the last year.

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Deconstructed: The good, the bad and the ugly of Ontario's 16-point plan to tame housing
Key measures in the Ontario plan are a 15 per cent non-resident speculation tax, a 2.5 per cent cap per year on rent increases that will be tied to inflation and greater flexibility for municipalities to use property taxes to influence the housing market.

"The tax on foreign buyers, coupled with rent controls and other proposed measures, if passed, will likely have a more meaningful impact on home price growth and sales activity than in Vancouver, where a foreign-buyer tax was implemented last August without similar rent controls," Fitch said. "Vancouver home prices dropped about three per cent after the tax was introduced. However, prices started to rebound in January 2017 and are now close to their peak."

The ratings agency believes investor properties and speculators in the GTA's condo market would be most affected by the changes.

"The proposed rent controls could dampen price growth in the condo market if the rent investors can charge tenants is limited. Investors who are highly leveraged may be forced to sell, which could begin downward momentum that leads speculators to follow suit. Further, if all measures are passed, municipalities will have the power to introduce a tax on vacant units to encourage sales or rentals of unoccupied units, which may discourage speculators from holding onto vacant properties," Fitch said.

Citing numbers from the Ontario Ministry of Finance and MPAC Property Assessment, Fitch said number of borrowers that own more than one residential property in the greater Toronto area and Hamilton grew by roughly 30 per cent between 2014 and 2016.

"The growth in multiple owned units can be attributed to investors buying units for rental purposes due to the limited supply of rental stock and uncurbed rental increases. This in turn may be driving price and demand momentum from speculators buying properties in anticipation of high returns. Although the limited supply of rentals appears to be a valid supporting factor, the extent of the price increases does not appear to be supported by growth trends in population, income and employment.”

Financial Post

Globe and Mail THE PROBLEM WITH TORONTO CITY HALL AS LANDLORD

MARCUS GEE
Published Friday, Apr. 28, 2017 6:21PM EDT
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5 Comments PrintLicense article

One way to ease the housing crunch, all right-thinking people seem to agree, is to invest in social housing. Ottawa is putting aside billions for the purpose. Toronto is building more of it, while imploring senior governments for help with fixing what it has. Social-housing advocates accuse governments of retreating from the field and say it is high time for them to jump back in.

Before taking this leap, they should have a long look at Toronto Community Housing. What they will see is sobering.

TCH is the second biggest social-housing outfit in North America, with close to 60,000 households of low or moderate income spread around 2,100 buildings. Many of those buildings are falling apart. Leaky roofs, busted elevators and faulty plumbing are commonplace.

The situation is so dire that, even though the agency has 181,000 people on a waiting list for a subsidized place to live, it has started to close down whole housing blocks because they are beyond saving. Only this month, city hall moved to demolish a townhouse complex of 134 units. Hundreds more units around the city face shutdown.

The leadership of the agency has been through years of turbulence. The agency brought in a new chief executive after a spending scandal, only to see him leave in 2014 after a damaging ombudsman’s report.

Its interim chief stepped down this week.

A major report last year called Toronto Community Housing “unsustainable financially, socially and from an operating governance perspective. It is at the centre of a crisis that has been 30 years in the making.” It called for a big shakeup.

The solution to all this might seem simple: new leadership for the organization and more money for repairs. But it isn’t the money or the management that’s the problem. It’s the model. Governments make lousy landlords. TCH is a great clumsy beast, with layer upon layer of officials to handle its vast portfolio. No wonder trouble breaks out in its upper ranks.

Public housing has a sorry record in North America. Cities from New York to Chicago to Toronto built scores of housing projects in the decades after the Second World War. Most soon became as shabby as the slums they were meant to replace. Isolated islands cut off from the bustle of city life, they were miserable places to live. Many have been knocked down. Some, like Toronto’s Regent Park, are being rebuilt, with new streets and market housing mixed in to ease their isolation.

Even with better design and the noblest intentions, public housing tends to fall into disrepair and dysfunction. Without an ownership stake, those in charge let maintenance and service slide. Frustrated tenants grumble about the dirty hallways, the unlighted stairwells, the thugs that hang around after dark.

The result is a repeating cycle of complaint and excuse that you can see on display at city hall year after year. Tenants come down to complain. Officials say they will do their best to make it right. Mayors blame premiers and prime ministers for failing to cough up enough for all the repairs and the new units that are required. Toronto’s John Tory was upholding a fine old tradition when he scolded the provincial government this week for failing to hand over the millions he wanted for housing repairs in the latest budget.

The idea that senior governments can be talked into producing the money that will fix public housing for good is a stubborn fantasy. The government of Ontario has the world’s biggest subnational debt. Counting on it to come through seems hopeful in the extreme.

Put the problem this way. Does anyone really believe that, 10 years from now, Toronto public housing will be well managed and neatly maintained; that all of its repairs will be done and all of its complainers silenced; that tenants won’t still be calling for better security, cleaning and maintenance; that mayors won’t still be crying poor?

Instead of leaping back into public housing, governments ought to be moving out of it. Far better to hand the job to non-profit housing groups or free up market providers to help fill the need for low-cost rental apartments. Cities should never be landlords.

Toronto Star: Province shouldn’t shortchange Toronto: Editorial

The Wynne government’s budget falls short in one vital area – meeting the needs of the province’s largest city.

Mayor John Tory responded to Premier Kathleen Wynne's 2017 budget by saying the province had "turned their backs" on Toronto with a lack of housing and transit funding.
Mayor John Tory responded to Premier Kathleen Wynne's 2017 budget by saying the province had "turned their backs" on Toronto with a lack of housing and transit funding. (TORONTO STAR / JENNIFER PAGLIARO)

By STAR EDITORIAL BOARD
Sat., April 29, 2017
There was a lot to like in this week’s Ontario budget: free prescription drugs for young people; more money for the healthcare system; thousands more affordable childcare places.

But the Wynne government has fallen short in one vital area – meeting the needs of the province’s largest city.

The budget contains no significant new money for Toronto’s biggest priority: transit. And, most strikingly, it failed to come through with the province’s expected share of funding to fix the city’s dilapidated stock of social housing.

Mayor John Tory has been pressing Queen’s Park for months to do more for the city, especially after Premier Kathleen Wynne vetoed his plan to raise money for transit by tolling two major expressways.

This budget certainly won’t ease tensions between the city and the province. On Friday the mayor accused the government of “turning their backs” on Toronto, and even allowing for the usual hyperbole he had a strong case to make.

The most obvious omission in the budget involves public housing. The province failed to live up to a commitment it made three years ago to fund one-third of the $2.6 billion repair bill faced by Toronto Community Housing.

The province’s share amounts to $864 million over 10 years – but it was nowhere in Finance Minister Charles Sousa’s budget. Without it, TCH will be forced to close 1,000 housing units by the end of next year because they are unfit for habitation. It predicts that number will reach 7,500 over the next eight years.

That’s unconscionable while 181,000 Torontonians languish on the waiting list for subsidized housing. While they wait, some are forced to pay rents so high they can’t afford to buy enough food or take transit. Others are homeless.

The provincial and federal governments must step up and provide much-needed money for the repairs if this debacle is to be prevented.

On transit, there was also disappointment for Toronto. Transportation Minister Steven Del Duca argues the province is already investing billions of dollars in Toronto transit, including money to build the Eglinton Crosstown and Finch West LRT lines, and to expand GO Transit service.

All that is true, but as Tory pointed out Queen’s Park must continue to add funding to make up for “decades of inaction.”

Not getting additional money from the province threatens the planned downtown relief line, Waterfront transit, and the Eglinton East LRT projects.

The case for funding Toronto’s key priorities is overwhelming. The city is the economic engine of the province. Yet its growth and attractiveness for investors is being undercut by traffic congestion made even worse by the failure of governments to fund and build transit alternatives.

The cost of gridlock in the region, for example, was estimated way back in 2006 to amount to $6 billion a year in lost worker productivity, slower commutes, higher accident rates and insurance costs, as well as air pollution.

All this is well-known, so it’s all the more disappointing to see the province come up short on funding. Tory admits that without provincial money the city won’t be able to complete its priority projects.

The budget doesn’t have to be the last word from the province on funding for Toronto. On housing and transit, in particular, the government still has a way to go.

Toronto Sun: LIBERALS HAVE IGNORED TORONTO'S NEEDS: TORY

BY SHAWN JEFFORDS, POLITICAL BUREAU CHIEF
FIRST POSTED: FRIDAY, APRIL 28, 2017 04:48 PM EDT | UPDATED: FRIDAY, APRIL 28, 2017 04:50 PM EDT
tory
Credit must be given to Mayor John Tory for bravely putting important TCHC issues on city council’s radar and passionately pushing for the changes on Wednesday. (TORONTO SUN/FILES)
Article

Premier Kathleen Wynne has turned her back on the City of Toronto.

That’s according to Mayor John Tory who said Friday that the Liberal budget has ignored the needs of Ontario’s largest city and “economic engine.” The statement comes after weeks of vigorous lobbying by the mayor for increased provincial investment in transit and social housing. The city’s needs were not met in the budget, he said.

“Premier Kathleen Wynne and her government and her government had a chance to stand up for Toronto on transit and on housing,” Tory said. “Instead, at least on the pages of this budget, they turned their backs.”

Tory’s war of words with the Wynne government began in January when the premier stunned the mayor by rejecting his proposal to toll the Gardiner Expressway and Don Valley Parkway. Since then, Tory has used most of his speaking engagements and media availabilities to stress that the Liberals must pony up billions in funding to help the city.

Tory said that the government, often in reply to his comments, trots out a list of funding it has committed in past years. Now is the time to invest for the future, and the province has missed an opportunity, he said.

“We need a provincial partner who is focused on building our city’s future and not measuring its achievements in dollars already spent,” he said. “You can’t play a highlights reel of last year and expect people to believe that you’re going to be on the ice for the next game.”

Asked about Tory’s comments Friday, Wynne said she was “disappointed”. She then listed the transit projects and social housing funds the province has made in previous years.

“We are meeting what the mayor is looking for in many, many ways,” Wynne said. “He’s been our partner. We’re going to continue to work with him.”

Tory said he intends to meet with Toronto MPPs and opposition leaders in hopes that he can persuade them to pressure Wynne into dedicating more cash to Toronto. He also plans to ask the federal government insist the province make matching investments during the next wave of infrastructure spending.

“I’m disappointed, I’m frustrated,” Tory said. “I find it unbelievable that we would miss the opportunity when you do have the federal government stepping up in a significant way.”

Toronto Sun: *ELECTION GOODIES' FOR T.O. IN LIBERALS' SLEIGHT OF HAND BUDGET*

James Jamie Wallace BY JAMES WALLACE, V-P, EDITORIAL, SUNS
FIRST POSTED: FRIDAY, APRIL 28, 2017 09:53 PM EDT | UPDATED: FRIDAY, APRIL 28, 2017 10:11 PM EDT
Budget
Premier Kathleen Wynne and Ontario Finance Minister Charles Sousa reading of the budget at Queen's Park on Thursday April 27, 2017. (Craig Robertson/Toronto Sun)
Article

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Trudeau and Wynne need to rein in their far-left spending
Liberals hiding their deficit

Ontario’s Liberal government has for years excelled at casting failure and self-interest as accomplishment and public service.

For example, government mismanagement that led to devastating electricity rate hikes across the province was addressed with billions in new debt and marketed as “Ontario's Fair Hydro Plan.”

The government’s new cap and trade energy program “designed to help fight climate change” does nothing to actually address climate change, but does put billions of dollars into the Liberal government’s pocket by creating a new tax that raises the cost of living for all Ontarians.

And this week, the Liberals unveiled a budget that boasted about “balancing” the provinces books for the first time in a decade, though did that through ill-advised asset sales and accounting sleight of hand.

Reality will see more and record debt piled onto Ontarians to bankroll a budget focused on election goodies intended bolster an unpopular government facing electoral ruin.

Meanwhile, for the desperately-needed meat and potatoes spending on transit and public housing, there was nada, or next to it, in Finance Minister Charles Sousa’s budget.

Which is what prompted Mayor John Tory to fume (or as close to Tory gets to that) about the “decades of inaction on transit” from successive provincial governments that have undermined badly needed improvements to both transit and public housing.

And for anyone who hasn’t noticed, both are a disgrace.

Chronic gridlock in Toronto and across the GTA costs billions in lost productivity and locks working people in cars, subways and buses needlessly for uncounted hours.

Public housing is a scandal. Buildings are falling apart. Some projects are riddled with crime and the province looks on indifferently while residents live in fear and the waiting lists for those who are vulnerable and in need can stretch to a decade.

These are broken public programs.

This issue isn’t, as Premier Kathleen Wynne suggested, about how much the province has done for Toronto in the past.

It’s about what’s needed to fix things. At some point over the past 14 years, the Liberals ought to have made sustainable funding for transit and public transit a real priority.

Fixing Toronto’s transit and social housing problems will require “continuous investment” from Queen’s Park, Tory suggested.

And surely, the Liberals can’t deny that?

In opposition, when Mike Harris was in power, they were quick to take that view.

And as Tory suggested, with the federal Liberals dangling some $5 billion for Toronto in new transit and housing spending over the next 11 years, the failure of the provincial Liberals to come to the table as a partner makes no sense whatsoever.

As a consequence, without matching provincial funding, Toronto’s desperately needed downtown subway relief line won’t be built. The waterfront transit line won’t be built. Public housing units will sit vacant in disrepair.

Instead, the city will get a great, catchy, new slogan to make things better.

Something with the word “fair” in it.

Globe and Mail RESIDENTS OF TORONTO’S KENSINGTON MARKET CONCERNED AS AIRBNB MOVES

COREY MINTZ

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1 Comments Print

If you are in Kensington Market this weekend and you see a procession of people dressed as black-clad mourners or ghosts, carrying a lifeless body and accompanied by a three-piece band playing a dirge, you'll probably chalk it up to the eccentricity of the neighbourhood. It's Kensington. Those nuts are always up to something. That's part of the appeal.

In Toronto, Kensington stands out as a utopian, bohemian, urban space. That's why it features prominently in tourism marketing. That's why a film, television or video shoot is there every day, trying to capture the cultural diversity to which Toronto and Canada usually aspire.

That's why it's no surprise to see Airbnb associating Kensington with its brand. In November, 2016, the globally popular home-sharing company organized a walk in the neighbourhood, ushering some of its users/hosts around the area, visiting local businesses and chronicling the stroll in photos for a promotional blog post that lives on as sponsored Facebook content.

For Friends of Kensington Market, a community organization that had been struggling to deal with the impact of short-term rentals on the neighourhood's housing market, being used as a marketing tool was the last straw.

Chair Dominique Russell says the group has received complaints from at least 30 tenants about landlords using questionable tactics to bully renters out of their homes, often converting the apartments into short-term rental units.

"It's quite dramatic how quickly Kensington is being emptied out in this way," Ms. Russell says.

She is still looking for someone to play the "corpse of rental housing" at Saturday's Requiem for Renters, which will wind through the market and finish at a "ghost hotel," an apartment converted into short-term rental use. The theatrical event is symbolic, Ms. Russell says, aimed at raising awareness of a hard-to-see threat to the neighourhood.

"It's a real stealth thing that's happening. People aren't aware of it until suddenly, in my case, in three of the buildings around me, I don't have any neighbours."

Municipalities all over the world are dealing with the challenge of home-sharing regulation compounded by housing crises. In London and Amsterdam, Airbnb agreed to enforce rules limiting hosts to a number of days a year that they can rent out property: 90 days in London and 60 in Amsterdam. In San Francisco, hosts can operate only one listing at a time and must pay hotel taxes.

In Toronto, city staff are currently preparing recommendations for home-sharing regulations to be revealed in June. Joe Cressy, the councillor for Ward 20, which includes Kensington, says he'd like to see regulations that address the effects of affordability on rental housing, fairness of taxation (hotels are required to have zoning permits and must pay commercial-property tax and HST) and accountability for consumer protection (safety measures against troublesome renters/hosts).

"I think Airbnb is strangling the neck of an already strained housing-rental market in Toronto," says Mr. Cressy, who plans to participate in Saturday's Requiem for Renters. "We have a rental-housing market that is exceptionally strained and Airbnb is taking rental properties off the market and using them for so-called home-sharing, which it's not."

At the heart of this is a conflict over what Airbnb is – a platform for residents to generate a supplemental source of income from their homes, or a tool allowing real estate investors to operate unlicensed hotels.

It's difficult to determine exactly how many active listings Airbnb has just by scrolling through the site. Fairbnb, a pro-regulation coalition of labour, tenant and resident groups, provides numbers using Web scraping, software that generates a spreadsheet by searching and collating data from publicly available information online. It's not 100-per-cent accurate, a Fairbnb spokesperson says, but a fair approximation. (Airbnb declined to provide local data.)

During April, according to Fairbnb, Airbnb has 131 active listings in Kensington. On Craigslist, 12 apartments are for rent in the area. Fairbnb's analysis found 68 Airbnb units are owned by 21 hosts, all of whom have multiple listings within or near the neighbourhood.

One host has eight listings in Kensington. Another, with six listings, advertises as a "travellers' home," featuring bunk beds stacked four to a room.

At an Airbnb workshop in March, a fact sheet was handed out with a photo from the Kensington tour. Before listing the economic benefits of the company to Toronto, the handout states that "the vast majority of our hosts are everyday people and families – our friends and neighbours."

Fairbnb estimates that 84 per cent of Airbnb hosts have only a single listing, but the remaining 16 per cent of hosts operate 40 per cent of the listings and generate 52 per cent of revenue. Airbnb declined to comment on the calculations, but it has added a mechanism to address habitual-problem hosts.

In my Kensington Market condo, Airbnb is not allowed by the condo board, but plenty of short-term rental units operate in the building in semi-secrecy. Guests arriving with suitcases every Friday afternoon are a giveaway, as are the online listings. Most owners in the building looked the other way until a couple of units turned into hot spots for teenage parties.

When it became a regular weekend event for the hallway to be filled with drinking, smoking and fighting, a collection of neighbours started keeping a spreadsheet, charting every time there was an incident, how many guests came (sometimes more than 50), how late it went (sometimes until 4 a.m.) and what time police were called.

Airbnb has a new "neighbour" tool, an online platform to register conflicts with hosts and promises to take action against users who routinely generate neighbour complaints or are operating in violation of building-specific home-sharing bans.

"The overwhelming majority of Airbnb hosts and guests are good neighbours and respectful travellers, so issues of any kind are incredibly rare, but when they happen, we work to make things right," says Alex Dagg, public policy manager for Airbnb in Canada. "Hosting is a big responsibility and those who repeatedly fail to meet our standards and expectations will be subject to suspension or removal."

Ms. Dagg said the company also wants to work with community organizations, city staff and the hotel industry to address concerns.

"Airbnb welcomes debate about our role in the city. In fact, we want to be regulated. We're collaborating with the City of Toronto, the Province of Ontario, numerous community groups, our hosts and key stakeholders across the city to ensure that our operations contribute to the community here in Toronto."

For renters in Kensington though, regulation can't come fast enough.

"If the city doesn't come up with something that has teeth, then it will continue the erosion of affordable living downtown," says David Perlman, a renter in the market for 35 years. He has nothing against Airbnb's original home-sharing use. And he sees reason to be hopeful that the company is open to operate by whatever rules local municipalities create.

The alternative, Mr. Perlman suggests, will be the end of Kensington.

“If we create a situation of ghost hotels, it will be devastating. It’s like building a six-lane highway into the mountains to see the mountains. By the time you’ve built your highway, you don’t have the thing left that people went to see. An area like Kensington is the attraction that it is in the city precisely because it’s a living neighbourhood and not just a tourist strip.”

Toronto Star: Wood-frame buildings could fill real-estate market’s ‘missing middle:’ George Carras

This innovative form of development could create a supply of affordable family housing for about 500,000 people over the next two decades.

Six-storey wood-frame buildings became legal in Ontario in January 2015. Though few sites have been developed in such a form over the past two years, market awareness of wood-frame construction is steadily growing, and it’s been gaining traction within the development industry.
Six-storey wood-frame buildings became legal in Ontario in January 2015. Though few sites have been developed in such a form over the past two years, market awareness of wood-frame construction is steadily growing, and it’s been gaining traction within the development industry.
(JUSTIN SULLIVAN / GETTY IMAGES FILE PHOTO)

By GEORGE CARRASReal Estate
Sat., April 29, 2017
It’s great to see all three levels of government are finally starting a dialogue on the Toronto housing market and contemplating a co-ordinated introduction of new policies to help solve problems in the market — many of which arose from policy conflicts.

But it’s highly unlikely to expect an overnight solution to the many complicated and highly political problems that have been in the making for more than a decade.

There is a real need for true innovation in the GTA housing market, and while a lot of that may ultimately require government approval, we should not overlook a recently approved innovation that is still in its infancy: six-storey wood frame construction.

Six-storey wood frame buildings became legal in Ontario in January 2015. Though very few sites have been developed in such a form over the past two years, market awareness of wood frame construction is steadily growing, and it’s been gaining traction within the development industry.

One of the areas of greatest need in the Toronto housing market has been dubbed the “missing middle”: gentle density that’s between three and 11 storeys, located in transit-friendly areas that can deliver affordable housing for families (or between 2.32 and 2.88 people per unit).

With 162 kilometres of avenues in the city of Toronto approved for wood-frame projects, this innovative form of development could create a supply of family housing in an affordable form for approximately 500,000 people over the next two decades.

Units in these buildings are delivered five or six at a time, and the structures can take less than a year to develop, with each floor containing approximately 800 square feet of space and with dedicated elevator access. This differs significantly from traditional highrise apartment construction, where the timeline is three to four years and 300 to 600 units are delivered all at once.

The properties on which these new six-storey wood projects will be built are generally owned by small private owners and entrepreneurs, who often run their businesses on the ground floor of these buildings.

It’s possible these owners have children or parents who may need the housing that new wood-frame developments will provide. These buildings are also capable of creating real value for owners through the introduction of additional rental income.

And this new supply of affordable multi-family housing will have a broader market impact, by freeing up existing housing stock to supply the resale or rental market.

Innovation is about putting new ideas to use and, of course, learning from them. There are no silver bullets to the housing market issues we face, particularly when it comes to supply.

It takes time for a new idea to get introduced, for market awareness of it to take hold, and for its impacts to be realized. It’s still early days for six-storey wood development here in Toronto. But it should not be overlooked as an essential part of the solution to Toronto’s pressing housing market challenges.

George Carras is the president of RealStrategies Inc. and the founder of RealNet Canada Inc. (now part of Altus Group). His column appears in New in Homes & Condos once a month. For more information, visit www.realstrategies.ca

CBC News: Everything You Need to Know About Home Capital's Woes and the Impact on Housing Market

Shares in alternative mortgage lender plunged this week, but how far could the damage spread?

By Pete Evans, CBC News Posted: Apr 29, 2017 5:00 AM ET Last Updated: Apr 29, 2017 10:15 AM ET

Investors punish Home Capital shares after company announces $2B credit line
Home Capital says another $290M was withdrawn from its savings accounts Thursday
Canada's housing market is always a hot topic, but this week it was a heretofore little-known mortgage lender called Home Capital that made headlines as clients withdrew hundreds of millions in savings in a matter of days.

Here's everything you need to know about the unfolding story — and what, if anything, it could mean for the housing market as a whole.

What is Home Capital?

Home Capital is the parent company of a number of federally regulated financial institutions including Home Trust, Home Bank and Oaken Financial. While they compete in six provinces with big banks, credit unions and other companies for business, they target "segments of the Canadian financial services marketplace that are not the focus of the major financial institutions," Home Capital says on its website.

While Home Capital offers a full complement of services including credit cards, GICs and savings accounts, it makes most of its money selling uninsured mortgages to clients who the big banks don't cater to, usually because they have spotty credit histories, are self-employed or have otherwise uneven incomes.

Why is the company suddenly in the news?

The company's problems began last week when the Ontario Securities Commission alleged that several company executives broke securities laws and misled shareholders in their handling of a scandal involving falsified documentation for a bunch of mortgages almost two years ago.

In the summer of 2015, Home Capital announced it had cut ties with about 45 mortgage brokers for fudging the numbers as to how much prospective borrowers were earning when they applied for a mortgage. Home Capital said at the time that none of the borrowers in question had any problems paying off their loans, and the company's financial results since then have backed that up.

WatchPoster of video clipTrouble on the homefront
The National JUMP TO BEGINNING OF THE TRACK WATCH ADJUST VOLUME 00:00 02:15 SHARE FULLSCREEN
Trouble on the homefront2:15

But the company's stock was hit hard this week as the OSC's allegations sparked fears the company may have loaned out too much money to homebuyers who may not be able to pay them back in an overheated housing market.

Home Capital's shares plunged 65 per cent on Wednesday amid those fears, and word that savers were withdrawing money. They rebounded a little on Thursday after the company secured a $2-billion line of credit from the Healthcare of Ontario Pension Plan, but a cloud of uncertainty remains, especially since that lifeline comes with a catch: an interest rate of more than 22 per cent on the first $1 billion.

Usurious rates like that stoke fears the company is desperate for cash, and could further contribute to a run on the bank, analyst Marc Charbin of Laurentian Bank said in a note this week.

Canada's mortgage market tiptoes toward subprime
Savers have been pulling money out of the company at a feverish pace all week. At the end of March, Home Capital had about $2 billion in cash savings. By Monday, that figure had fallen to $1.4 billion. By Friday, it was about a third of that.

The fact that many investors are withdrawing their money as a precaution is bad news for Home Capital, but the real pain could come later this year when the $13 billion they have in locked-in GIC's is available to be taken out.

Mortgage lenders sidestep rules with bundled loans
"If investors pull money out of that, that will exacerbate the problem even further," said Cynthia Holmes, a professor of real estate management at Ryerson University in Toronto. "It's a very serious problem when their deposits dry up," because they have to offer higher and higher returns in a vicious circle to attract new investment.

WatchPoster of video clipHome Capital financial concerns
JUMP TO BEGINNING OF THE TRACK WATCH ADJUST VOLUME 00:00 05:21 SHARE FULLSCREEN
Home Capital financial concerns5:21

Paul Harris, a partner and portfolio manager with Avenue Investment Management, says Home Capital has a trust issue and that's often the beginning of the end for a financial company.

"I think it would be very hard for them to [survive] unless they can get confidence back in the company," he told CBC's On The Money this week. "I don't know what they need to do, but ... the reality is that people are going to think very hard about giving them money."

What might happen next?

If the company can't stem the tide of withdrawals to secure the money it needs to loan out new mortgages, some sort of wind down or sale of the company is possible. "Worst case," analyst Marc Charbin said, "Home Capital will be unable to renew or originate mortgages in order to service a decline in funding."

TD analyst Graham Ryding agrees, and says "the company will likely move into liquidation mode."

What would that do to the housing market?

That situation sounds dire, but it wouldn't necessarily be that traumatic to the housing market as a whole. For starters, anyone with money in a savings account or GIC worth less than $100,000 at Home Bank or Home Trust is 100 per cent covered by the Canada Deposit Insurance Corporation, so there's no risk of losing money there.

And the company's core business — the mortgages for which the vast majority of clients are making their payments — are still valuable assets that other lenders would likely be more than happy to get their hands on. Less than 0.3 per cent of the company's loans were considered delinquent at the end of last year, so it's not as if Home Capital has a large number of bad borrowers.

But the company hired investment bankers at RBC and BMO this week to advise it on "strategic options," so some sort of sale of the company either in whole or in part is certainly on the table.

Beware of unintended consequences as government meddles in housing
As for the borrowers, Holmes says as long as they keep making their payments, they shouldn't have any problems renewing their mortgages when the time comes.

But, unfounded though they may be, there are clearly fears of Home Capital's problems spreading to other fringes of the housing market. With about $16 billion worth of mortgages on its books, Home Capital makes up less than one per cent of the total market, but many wonder if it may be the canary in the coal mine.

Other alternative lenders such as Street Capital and Equitable Group saw their share prices fall precipitously this week despite having no role in the story, and even some of the big banks moved lower.

'Shadow banking' is growing, but still a tiny slice of Canadian banking
The real problem if Home Capital ceases to exist, Holmes says, is that consumers have one less option for mortgages, and that's bad news for everyone.

"It impacts more people who are not yet in the market," she said.

"They will find it hard to find these alternative lenders to get money with a lower credit rating."

Toronto Real Estate: Three Experts, One Night, Zero Agreement

When aspiring home owners gathered in Toronto for a chat about the housing market, they got very different perspectives on whether they should rent, buy or give up.
Meagan Campbell
April 28, 2017

When Jeff Rubin gave advice on Toronto real estate this week, the only thing polished was his shoes. Waving his fist clenched around a paper he wrote in 1989 as evidence, he chided the Bank of Canada for an “inflationary crusade” and “absolute utter nonsense,” speaking in run-on pronouncements even after he ran out of breath and trailed into digressions on Marine Le Pen’s attempt at reversing globalization in France and the “whacko” running America.

As people try to navigate their ways to home ownership, the advice has become just as overwhelming as the market. Rubin spoke on April 26 at an event called, “Surviving Toronto’s Housing Market,” hosted by The Empire Club of Canada, a forum for distinguished speakers founded in 1903. Rubin, a former chief economist for CIBC who famously predicted the housing crash of 1989, was one of three panelists with vastly different messages for the audience of about 150. Rubin said protectionist measures around the world will continue to affect Canadian interest rates; the only reason not to buy a house in Toronto is if a buyer foresaw a spike in rates.

“I think that’s irresponsible and dangerous advice,” rebuted Alex Avery, another panelist and a director at CIBC. Avery is an unwavering proponent of renting. He used sarcasm to explain the irrationality of buying a house: “Let’s take five times your net worth; we’ll put it into a single stock that’s trading at the highest price its ever been. The transaction costs will be about 10 per cent. The market is still really liquid, and you’re going to hold it for 25 years. Sounds like a fabulous personal financial plan.”

DSC_5743
Jeff Rubin offers real estate advice at an event hosted by The Empire Club in downtown Toronto on Wednesday, Apr. 26. (Meagan Campbell)

But such a plan was advised by the final panelist, John Pasalis, who owns a real estate advisory company called Realosophy. “I find the psychology of housing markets insanely fascinating,” he said, and suggested that speculators drive pricing trends. He recently visited Dubai, where the government obsessively collects data about who buys, flips and sells houses and imposes reactionary taxes immediately. He used this case study to demonstrate that speculators determine the market. Nonetheless, Rubin remained only interested in interest rates and said speculators couldn’t cause a crash—“the gun is loaded, but there’s nothing to pull the trigger.” The moderator noted, “alright, so we know where Jeff stands on that.”

The audience seemed anxious. After hearing advice from three back-seat drivers, they wondered how even driverless cars could affect real estate and talked about the danger of appraisal values being higher than listed prices. “They don’t give [the appraisal] to you until after you enter the war,” warned Carson Murray, a 35-year-old salesman who distributes toys for companies like Rubix Cube and Slinky, to his friends.

Fear of missing out pervaded. “Why not live off the [price] gains when the gains gonna gain?” said Paul Heakes, an actuary, jokingly. “What if the gain doesn’t gain?” said Ryan Ghaeli, who works in advertising. Mainly in their thirties, the crowd, who paid $30 to $40 a ticket, included a lawyer and software manager. They wore ties and heels and ballerina buns. If the event were a tea, pinkies would be out.

MORE: How Canada completely lost its mind about real estate

But Rubin continued in irreverence. His shirt untucked by the end of the night, he talked with advice-seekers, pausing to dunk a fried appetizer into a bowl of peanut sauce. In 1989, while working for retail broker CIBC Wood Gundy, Rubin made a call that the market would spike 25 per cent, and the soothsayer faced naysayers. “It was traumatic,” Rubin says of the backlash, in an interview with Maclean’s. When the CEO of Wood Gundy met with him about his publication, he says, “it wasn’t congratulatory.”

Attendees talk following a real estate panel discussion hosted by The Empire Club in downtown Toronto on Wednesday, Apr. 26 (Meagan Campbell)
Attendees talk with real estate experts following a panel discussion hosted by The Empire Club in downtown Toronto on Wednesday, Apr. 26 (Meagan Campbell)

Amid the current bubble, the panelists disagreed on who to blame. “I would lay this whole problem at the feet of the government,” said Avery. “The government is coach, referee, cheerleader and fan in the housing market.” Avery argued that Toronto has been doomed for a housing crisis ever since Ontario created the world’s largest greenbelt, a near two million-acre area where development is forever prohibited, shrinking the supply of homes. While he maintained that people should rent, even his message was mixed; Avery owns a house himself.

Rubin owns a condo. His children are in university, and if they want to buy houses in the future, he'll tell them there is no predicting the market through past trends. "We're so caught up in the historonics," he told Maclean's, inventing a word. "Let's not become prisoners of linear extrapolation."

Toronto Sun: Toronto For All; targets people who question city policies

Sue-Ann Levy BY SUE-ANN LEVY, TORONTO SUN
FIRST POSTED: SATURDAY, APRIL 29, 2017 03:11 PM EDT | UPDATED: SATURDAY, APRIL 29, 2017 03:17 PM EDT

The third phase of the city's "Toronto For All" (indoctrination) campaign is just as preachy and insulting as the first two phases.

The latest campaign – which kicked off last week and targets homelessness – features two attractive Caucasians (a man and a women) who say they support homeless shelters as long as they are "far, far away" from where they live.

In other words, other than the homeless do-gooders, the message is that all of us are NIMBYs if we dare question any plans to put a new emergency shelter in our neighbourhood.

According to city spokesman Jennifer Wing, the city partnered with the recently formed Toronto Alliance to End Homelessness on this campaign.

The Alliance, she says, received $87,000 to help create and run the campaign, including printing transit shelter posters and operating a social media campaign.

Wing says the city's Shelter, Housing and Support division added another $54,000 for interior transit and online ads plus more social media posts.

Kira Heineck, the new executive lead of TAEH (which has 80 member organizations), said they took the approach they did in the ads because they know there is "significant opposition" in various communities in the city about accepting a homeless shelter.

"We felt one of the things that would be useful would be to spark the conversation about how people conceive of their city," she said. "We hope by talking about it more that it does include people who are homeless."

She added that the homeless shelter system is stretched to capacity and things could be better."

Heineck is right to an extent about the shelter system, although I would counter that according to the figures presented as part of her campaign, 80% of the rise in shelter demand in the past year is due to the influx of refugees to Toronto.

And let's not forget that there are 63, count 'em, 63 social workers now on staff with the city's Streets to Homes contingent who are supposed to find homes for hard-to-serve street people.

That said, in my view the TAEH ads come across not so much as an attempt to talk about the issue but to guilt people into accepting without question the city's efforts to ram shelters down their throats.

Take the 100-bed homeless shelter planned for the old Goodwill site at 731 Runnymede Road. Last summer, I attended a public meeting where residents were treated with disdain by the six-figure shelter bureaucrats for having the audacity to question the feasibility of the site, the costs to implement the shelter and the city's overall planning on the back of a napkin process.

Granted, just this past week council approved a new community engagement and planning process for such shelters and hopefully that will make a difference.

Heineck said she hopes the new policy will do a “better job of including everyone’s voices and concerns” and create an opportunity for concerns to be “dispelled.”

She said the spark for the Alliance to come together was a need to move things forward on the homeless file after a “long quiet period”.

Heineck says they hope to collect a “by name list” in Toronto – which means knowing everyone who is homeless “by name” so they can be better served.

But the last city homeless census (Street Needs Assessment) was done in 2013 and the one planned for this spring has been postponed until next year to allow Toronto to participate in federal Co-ordinated Point-in-Time count of the homeless, says shelter housing’s Pat Anderson.

Asked whether the delay concerns her at all, Heineck says they hope to work with the city on it and to be able to use the count to test their idea about a “by name list.”

This latest phase of the Toronto for All campaign was preceded by campaigns which lectured us on Islamophobia and subsequently racism against blacks.

Wing says those two campaigns cost taxpayers $80,000 each.

Two further instalments will focus on transphobia (this summer) and indigenous issues (this fall), Wing added.

The Peterborough Examiner: *PETERBOROUGH HAS A RENTAL CRISIS, NOT A HOUSING CRISIS*

Saturday, April 29, 2017 6:28:24 EDT AM

Peterborough's housing supply and affordability problem isn't related to fixer-upper homes selling for $1 million or more.

The problem here is rental apartments. A recent Canada Mortgage and Housing annual report put the local vacancy rate at 1 per cent, among the lowest of any city in Ontario.

The CMCH also found that more people looking for rental housing combined with near-zero new apartment construction has raised pricing pressure on the rental market to the highest level in 30 years.

In theory, help is coming.

The provincial government has decided to act on Toronto's house price crisis with a 16-point plan aimed at virtually every aspect of the housing market.

If that tames spiralling single-family home prices in the GTA there will likely be a domino effect in Peterborough. But that would be cooling off something that is only just beginning to be felt.

Changes in the province's plan that target rental housing could serve more purpose here.

The big one is rent control, which will be extended to cover all apartments. Until now controls applied only to units built before 1991.

Rent controls are controversial. Most economists say they actually have a negative effect in the long term. Knowing rent increases will be restricted to the rate of inflation or lower, developers stop building new apartments.

Whether that happens in Peterborough remains to be seen. Construction of new private apartments and townhouses has been extremely low for decades. To get worse, landlords would almost have to start tearing buildings down.

The province has adopted two primary initiatives to spur rental housing construction and offset any deadening effects of rent controls.

One is to have municipalities tax new apartment buildings at the same rate as single family homes. Peterborough historically taxed larger apartment buildings at nearly twice the single family rate. On a big apartment tower valued at $25 million that represents about an extra $300,000 a year.

But Peterborough is ahead of the game in that regard. New apartments here are already taxed at the single-family rate so no help will come from the provincial legislation.

Step two in the Queen's Park pro-rental plan is to offer discounts on development charges for new multiple unit buildings. The city's current charge is $11,700 per unit for buildings in the core area so savings could be substantial.

But again, the city is ahead of the game. In 2011 it began offering development charge rebates and other incentives that can save apartment developers hundreds of thousands of dollars.

Peterborough has a housing problem, not a crisis. It relates to scarcity of rental units. If the province wants to offer a housing solution that works here it should help build more publicly owned apartments.

Waterloo Region Record : *WATERLOO REGION HOME BUYERS PUSHED TO THE BRINK*

Peter Lee,Record staff
Sold signs are a familiar sight in Waterloo Region's hot real estate market.nextplay/pausepre2/2
By Greg Mercer

WATERLOO REGION — The handwritten, hand-delivered letter was waiting in Joe Martz' mailbox. The writer said he was walking in the neighbourhood, saw the Martz family home, and was wondering if they wanted to sell.

Martz, a photographer who lives in a three-bedroom, 1920s-era house near Victoria Park with his wife and young daughter, suspects his neighbours all got the same letter. It appeared to be photocopied and carried a Toronto-area phone number.

"At first I laughed when I saw it, and threw it in the recycle bin. Then I left it on the counter for my wife to see, and said 'Hey, we got an offer on the house,'" he said.

The would-be buyer even offered $500 cash if the Martzes could put him in touch with a neighbour who might be thinking of selling.

But even if the Martzes wanted to sell, they say they can't. As a growing family, they'd still need to buy another house in the area. Which, at the moment, is proving very difficult in Waterloo Region.

"If we decided to sell, it would probably go way over asking. But then if we wanted to buy anything, we'd be stuck. It's insane how expensive things are out there," Martz said.

"For people who want to upgrade, you're kind of screwed. So I guess we'll renovate and stay here for a while."

As an influx of Toronto-area buyers aggressively drive up prices, people who want to own a home in Waterloo Region are getting increasingly desperate. Combined with a healthy local economy, low borrowing rates, improving transit options and a limited supply of properties, the region's real estate market is in uncharted territory.

It's all sending local house values soaring — pushing the average residential sale price of a home in Waterloo Region up more than $100,000, or about 30 per cent, in the last year. Many homes are selling in a matter of days, not weeks. Others are already sold before they're formally listed.

A housing market this hot is obviously great for sellers. But it's extremely frustrating for prospective buyers who are getting beat out of bidding wars.

"You get very stressed about it," said Kitchener's Dorothy McGeagh, whose daughter is trying to buy her first house. "As a first-time home-buyer, you don't stand a chance. And especially with bidding wars and these bully offers that come in."

In March, McGeagh spent two days lining up for the chance to buy a unit in a new condo development in Williamsburg. She waited in line all day on a Friday to get a lottery number allowing her to return the following day.

But when she finally got into the sales centre on Saturday, she found real estate agents had already claimed most of the units.

"There's very little actually available, and all the plum, choice units are all gone. The ones you'd actually want are all pre-sold to friends and relatives," McGeagh said. "You waste two days standing in line for nothing."

Realtors, meanwhile, say it's a whole new world out there. Many homes are being sold at above asking before they're even listed, and multiple offers and bidding wars have become the standard, not the exception.

Whenever listings for new-build homes come online, they often spark a feeding frenzy. In some cases, people are lining up for appointments, and then selling that access to realtors who were shut out.

So-called bully offers, where a buyer aggressively pursues a house by submitting an offer before the scheduled "offer day," are happening more and more. Sellers are sometimes listing properties as "coming soon" to spark bidding wars before they're even on the market.

Realtors say with that kind of cut-throat competition, they have to work harder than ever to close deals for their clients.

"We've never seen this kind of aggression in the market before, and we've never had to work harder," said James Craig, president of the Kitchener-Waterloo Association of Realtors. "One of the notions people have is that in such a hot real estate market, agents must be killing it. But it's actually contrary."

The soaring home prices are also pushing some buyers out of Waterloo Region and into more affordable communities such as Woodstock, Brantford, Listowel and elsewhere, Craig said. Some of those who are leaving are sellers who are cashing in and moving away, while others are couples who are choosing to commute because they're getting priced out of living in Waterloo Region.

"People want to own a home, so they keep moving farther out. It's a ripple effect," said Jim Robinson, president of the Cambridge Association of Realtors.

With some luck and an aggressive approach, people are still managing to buy homes in this crazy market. Jennifer and Connor Smith were able to buy their first home, a 3.5-bedroom war-era house in Cambridge, after looking for just one week in March.

But to get it, they had to make a blind offer — waving all conditions, including a home inspection, and going $20,000 above asking. When their offer was accepted, they had just 12 hours to sign off. It made for a stressful few days, but the Smiths are thrilled they got their house.

"We pretty much gave them anything they wanted. Anything that we could do to make us look better than the other offers, we did. You have to," said Jennifer Smith, a 29-year-old teacher.

"It was very nerve-racking, but we lucked out. We should not have this house. But that's why you need to go out and take a chance."

The Smiths say they focused on Cambridge because homes in Kitchener and Waterloo are becoming unaffordable. They were scared off after a house in Kitchener of similar size to the one they bought went $80,000 over the asking price.

Charlotte Zawada, a veteran local real-estate agent, says she's been coaching her clients to brace for the new realities of home shopping in Waterloo Region.

"It is frustrating," she said. "I work with my buyers to help them understand what happened. But it seems almost like a light switch here, and things changed."

Starting late last summer, Zawada began seeing more Toronto, Mississauga and Brampton-area agents competing for local homes. Now those GTA realtors are significant part of the market, and they're bringing a more bare-knuckle style to real estate transactions.

"They're my competition now," she said. "They've been in this kind of market for several years now, and they're not intimidated. They know how to be aggressive. But it's taken the local buyer and agent some time to get an idea of what we're up against."

The province is promising a package of legislation it hopes will curb some of the forces driving up house prices, including new taxes on foreign buyers and land speculators.

Realtors argue the only solution to their overheated market is to start building more homes, including more affordable townhomes and condos, giving first-time buyers an accessible entry point into the housing market.

More rental properties are needed, they say, so that empty-nesters will be inclined to sell their homes and downsize. And buyers just might have to lower their expectations, too.

"The idea of what home ownership is might have to change," Craig said. "Times have changed. Instead of a single family home, you might be looking at an apartment-condo, or a townhouse or a semi-detached."

Robinson, president of the Cambridge Association of Realtors, is skeptical the new provincial measures will have much impact. He says it's more about political optics, than making any effective changes.

In some neighbourhoods, the pressure on would-be home owners is more pronounced.

"You have families in our neighbourhood who are being pushed out by foreign investors," Melissa Davis-Capka, a member of the Beechwood North Homes Association in Waterloo.

"There are people who are buying houses who aren't living in the region, and they're pushing the price up even higher in bidding wars and outbidding families who want to buy a home."

She estimates as many as 10 per cent of the homes in her neighbourhood are owned by foreign buyers, and are typically converted into rental housing for university students.

Statistics on foreign buyers aren't tracked by local real estate associations, although they soon will be. But many in the industry believe the amount of foreign ownership in the region's housing market is somewhere between three to five per cent.

Robinson says realtors recognize a lot of buyers are feeling squeezed right now. He urges patience.

"If you keep going, eventually, you are going to buy a house. It may take you 20, 25 offers, but each time you submit an offer and it's rejected, you learn from that experience," he said.

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North Bay Nugget: *'CHRISTOPHER HAS A RIGHT TO BE INDEPENDENT'*

CINDY MALES / FOR THE NUGGET
Saturday, April 29, 2017 12:42:44 EDT AM

Christopher Ouellette wants to live on his own.

“I still want to be independent in my apartment.”

But it may be years before that can happen. The 18-year-old is autistic and developmentally delayed. Ouellette’s name is on a waiting list for supportive housing, but it may be 10 years or longer before he gets the type of apartment he needs because there is a waiting list for available spaces in the community.

“The only way to get into a space is to wait for someone to die,” says Denis Ouellette, Christopher’s father.”

That’s why the Ouellette family has joined a $110-million class-action lawsuit against the Ontario government, alleging the province has failed to eliminate the years-long wait list for support services.

Marc Leroux of Timmins launched the suit earlier this month on behalf of his 19-year-old daughter, Briana Leroux, who is non-verbal and requires around-the-clock support.

The statement of claim alleges the Ontario government has ignored the issue of waiting lists for years and the wait times are often indeterminate and will last for years, placing families in a perpetual state of crisis.

It cites a report from 2014 by a legislative committee that recommended the list be eliminated within 12 months, a recommendation it says was rejected by the Ontario Ministry of Community and Social Services.

“We’re adding our weight to this,” says Linda Thomas-Ouellette, Christopher’s step-mother, who hopes other families in similar situations get on board.

“It’s harder to ignore thousands of people.”

The financial assistance Christopher was receiving from the Ontario government ended when he turned 18 on Oct. 30, 2016

“His needs didn’t change because he’s 18.”

His parents estimate he’s lost $4,000 a year since.

Christopher is on a waiting list for Passport Funding, a program that services adults, but it’s not clear when he will receive any money.

In the meantime, Christopher's parents are paying for respite and community services out of pocket.

According to the ministry website, 13,000 adults with developmental disabilities were eliminated last month from the 2014 Passport wait list. But media reports say another 11,000 people have requested support since 2015 and are still waiting.

"Christopher has a right to be independent," Linda says.

She started a petition in January to demand the Ontario government take action to address the wait lists and, so far she's collected 600 signatures.

"No one I've asked (to sign) has said no.

Anyone wanting more information about the lawsuit can go to www.kmlaw.ca/waitlistclassaction. It was filed by lawyers Kirk Baert and Jody Brown, of Koskie Minsky LLP.

Christopher's parents hope the lawsuit will resolve the delays in a timely fashion.

"There's been more than enough studies," says Denis. "They can easily have things started within the next year or two.

"Like any parent, we want to know that he's settled. We're not going to last forever."