

HUGH HERON, PRESIDENT, HERON HOMES LIMITED
REMARKS
THE LIVEABLE PEEL CONFERENCE, FEBRUARY 10, 2006

Good morning, everyone. I'm pleased to be here, because I think it's terrific that people are focusing on what housing will be like in Peel Region in the year 2051. I'll take a stab at predicting today, but the only thing I'm really sure of is that Hazel will still be Mayor of Mississauga!

I've been involved in the new home industry for more than 40 years, so I have a lot of experience behind me. Builders are used to thinking five and 10 years ahead, but truthfully, 50 years is a stretch. As a society, however, we *should* look ahead on a regular basis, in order to create a plan of action, to analyze that plan against measurable targets, and then to adjust the plan as the unexpected happens.

And oh, the unexpected does happen. When you look at the economic charts for the real estate industry and other industries over the years, you definitely see ups and downs, often surprising ones.

Not that long ago, people made strong, intelligent arguments and the complete opposite happened. Remember when mortgage rates climbed to over 20%? Experts said we'd never see single-digit mortgage rates again – but we did. A few years ago, we were told that Canada was a backward country because we relied too much on natural resources and didn't have enough high-tech industries. Well, high-tech took a nosedive, and today we're the golden child because we have natural resources that the rest of the world envies.

It also wasn't long ago when the Federal, Provincial and Municipal governments were talking about the need for rental accommodations, because the vacancy rate in Toronto was 0%. Interest rates came down, more and more people bought homes, and now we have vacancy rates of more than 5%.

So, it's not an easy thing to predict what will happen in housing in Peel Region by 2051, but I do have some ideas. Half a century from now, I think we'll see a tremendous renovation and revitalization of the Region's cities. Look what's happening in Toronto right now. Current plans for the Port Lands resemble those that transformed St. Lawrence during the 1970s and 1980s. This former industrial land is now considered a model inner-city redevelopment in Canada - and is a tribute to how effective an integrated planning strategy can be when municipal, provincial and federal governments, the private sector and the community work together.

Look, too, at what today's low interest rates have accomplished across the GTA with the rejuvenation of areas that were in decline. Builders have met many of the Government's criteria, and we've built apartment buildings in places that we couldn't have touched before.

I believe in 50 years, energy conservation will also be an important topic in housing, and considering the way community design has gone the past few years, most builders and developers agree. Thinking ahead, we've already been working with municipalities and the province to preserve environmental features in new home communities.

As the Ontario Building Code has evolved, homes have become tighter and better insulated. Some builders go above and beyond Code to include Energy Star-rated features that save on greenhouse gas emissions and on energy costs for homeowners.

Condominium builders also preserve natural features in their urban settings, and are even adding elements such as green roofs, which increase insulation and cut down on residents' heating and cooling costs. They're taking more steps toward energy efficiency inside condos with automated building systems that divert as much energy as possible to non-peak usage hours. Some new buildings with

energy-saving features are certified by Leadership in Energy and Environmental Design, which you may know as LEED.

Of course, another important aspect of residential real estate that will have an affect half a century from now is the fact that available land is becoming scarce. In preparation for that, the Government established the "Places to Grow Act, 2005" to help manage growth in Ontario. Within that framework, there is a plan for the Greater Golden Horseshoe that demands intensification. The Government plans to establish "Built Boundaries" for cities, and require that by 2015 and every year after, a minimum of 40% of all residential development in each area will occur within the built-up land designation.

At first glance, this sounds like a great plan, but is it feasible? Will Peel have the amenities and the realistic housing mix that 500,000 more people will need?

Some people prefer a lifestyle that is less "intense" than living in an urban area, and they should have the right to choose, both today and in 50 years. But intensification on a major scale under the Places to Grow Act means that housing stock in 2051 will probably be dominated by high-rises.

Realize that of the additional 500,000 people, 40% will be over the age of 55. Will there be enough living facilities for those who choose to stay in their own homes rather than move into senior housing?

Building "up" for intensification is fine for certain segments of the population, for others like seniors it can be a real problem. We have to take a realistic look at our existing and future housing stock - and frankly, if the projected demographics are accurate, we'll need more ground-related homes.

Living in a high-rise just isn't appropriate for many of our aging population. Builders are used to responding to the needs of the marketplace. I wonder

whether those needs in 2051 will tee up with the provincial government guidelines.

Of course, there will always be a need for a mixture of housing stock. The plan for the GGH calls for building more compact, mixed-use and transit-supportive communities. That's a good idea, but will we have the transportation infrastructure needed to make it all work? If we greatly increase the number of people living in our urban areas, by definition, even with enhanced public transportation, this would add to the number of vehicles on the roads. What will it cost to intensify, and what will happen to people's commuting times if we limit growth to Built Boundaries?

We need to look at roads, TTC and GO Transit as an integrated system, and we need to start now. I believe we need an overall transit authority for the GTA that can accomplish that goal in a timely fashion.

The junction of Highways 401 and 404 that I travel on regularly has been undergoing construction for FIVE years now. In France, they managed to build a large, elegant, structurally complex bridge in just three years – AND came in on budget. When I saw the President of France opening this bridge, I thought back to the months and months when nothing happened at the 401 junction, even though the materials were on site. I was told the budget was used up each year, and that they had to wait till the next fiscal year to restart. We need a cohesive approach to dealing with roads, especially the budget part.

Technology comes into play, to, with satellite and other advancements making rural areas "connected." As intensification in various areas increases, there will be an enormous need for technology infrastructure expansion to handle this growth.

The ramifications carry across every sector. If we're going to have vibrant, healthy residential communities in 2051, we have to aim for more communication across all levels of government and the private sector. We're so parochial in our businesses, in government departments. People aren't talking enough to each other. We waste time defending our turf, but more importantly, we're not listening enough.

Parochialism is counterproductive. We can't be like the FBI and the CIA after September 11th, working separately and in secret toward a common goal, with the goal suffering for it. We have to plan together and react together.

It's important to realize that when it comes to planning for future growth, the new home building industry is not the enemy. We want to be part of the solution to the challenges that come with Southern Ontario's explosive growth. We can bring to the table our expertise in marketing and demographics. We want to work together with municipalities, regions and the province to come up with win-win situations that will pave the way for a successful future.

Take social housing, for example. People at the lower end of the economic scale will always need help, and it is our responsibility to work together to help them.

We all know that housing is much more than putting roofs over people's heads. Housing contributes to our economy and our society. Social housing will be an important component of what we build in the future, and will help families to send their children off to school with full bellies. When children are housed properly, it takes a huge strain off our education and health care systems. Going to school on a full stomach should be the norm.

When we make a contribution to social housing, we want to get it right, but the lack of clarity about how to make that happen is frustrating. We need communication about what the problems are, so that we can address where to

go with housing design. More money required is not a good enough reason alone.

Within the new home industry, we have our own challenges - keeping up with skilled labor, materials needs, demand and change. Builders constantly have to adapt construction methods, and I see home building gravitating toward fast, flexible modular construction. I think that by 2051, all our housing, especially low-rise, will be modular - and I've seen first-hand how well that can work.

When I served my apprenticeship on the shipyards in Scotland many years ago, we assembled individual pieces to build ships. To increase efficiency, that industry progressed to building ships in large sections that were then assembled. I see the same happening with new homes, where modules will be built in a factory, and then assembled by work crews onsite.

Now, you'd think with labour prices going up, that would be a natural step to take, but we have to consider the fact that it may be too expensive because of transportation costs. This will be a big challenge for our industry. I don't know what the solution will be, but if we find ourselves in that situation, however I hope to be there

Of course, technology will have a huge effect on future homes. If we think of houses of a decade ago as "dumb," we could say that they're now in Grade 2. In 50 years, they'll be totally smart. Today's "spaghetti" wiring will be replaced by a single or double line to a computer in the basement controlling all house functions

We can assume universal high bandwidth communications, so telecommuting from home offices could become the norm. Children might be home-schooled via the Internet. Because of pollution and global warming, window technology will

likely advance to protect us from the negative side effects of natural light entering our homes.

Even decorating may change. Maybe we'll have plasma-panel walls, so we could have dinner with a background of the Alps one day, and feel like we're in a castle in Loch Lomond the next (aye, there's the Scot in me!). It's all very exciting, and the possibilities are endless.

As we look to Peel Region's future, I believe we can use the past as a predictor. Even in 50 years time, this will still be a desirable, sought-after residential area. Peel has everything going for it – a fantastic location handy to Toronto and the Niagara Region, plus a diverse cross-section of land types, from lakeshore properties to parkland and conservation areas. Peel has big business, small business, technology, and every amenity residents could want.

Using a proactive approach, Peel Region dealt with installing the pipe infrastructure to enable building permits to keep pace with development - unlike some other regions - so this area is in a good growth position.

I'm sure this conference is inspiring people to think about what Peel Region will need in 50 years – but we have to start acting on the plan today. It will take strong political leadership to orchestrate the politics of growth and change that the future will bring.

Our industry has a lot of creative thinking to do to keep up with it all. I don't know for sure what 2051 will hold in store, or whether Peel Region will benefit from the plans we implement - but as I said earlier, I plan to be around to find out!