The financialization of Transit Oriented Development in York South Weston, Toronto, Ontario

by

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Author’s Declaration

I hereby declare that I am the sole author of this thesis. This is a true copy of the thesis, including any required final revisions, as accepted by my examiners.

I understand that my thesis may be made electronically available to the public.

Abstract

Transit-Oriented Development (TOD) is a form of planning that has dominated the discourse around sustainable development in cities. Where transit investment is met with higher density housing and commercial land uses, there has been little attention given to the actors who participate in this form of development. This thesis aims to explore the link between TOD and the financialization of housing, commercial land uses, and development in general. The purview of this study is based on the presence of the new Line 5 – Eglinton Crosstown, a new Light Rail Transit line in Toronto, Ontario. The line passes through a ward in the city that has various indicators suggesting various social issues, York South Weston (Ward 5). In this area, there has been material development activity to warrant discussion on who TOD really serves.

This study is based on quantitative and qualitative information available pertaining to developments and properties in proximity to the new transit line. Using City of Toronto development information, information about the Landlords and property owners who have submitted development applications in and around the transit line is analyzed, with various factors considered. Additionally, information about REITs and other financialized players (Private Equity, Development companies, etc.) is analyzed to determine if there is heightened activity related to TOD in Toronto, and potentially within York South Weston. The findings from this study aim to add to the discourse on TOD and namely if financialized players view this style of development as favourable and profitable. The main research questions are centered around how TOD affects lower income people in these areas, and what can be done to curtail any intended or unintended negative externalities generated.

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1.0 Introduction

Toronto is currently embarking on a new era of transit development in the city. After years of slow movement on the file, many projects are underway and stand to have a material effect on many aspects of life in Canada's largest city. One of these pivotal projects is Line 5 Eglinton, also known as the Crosstown. Running along Eglinton Avenue, a thoroughfare that originates in East Scarborough and continues throughout the city to the western edge of Mississauga, the new Light Rail Transit (LRT) line will serve many different and diverse neighbourhoods in Toronto (and in the future, Mississauga – once the Eglinton West extension is complete). Once a fragment of an ambitious transit expansion plan known as "Transit City", it is now slated to be the first of those LRT projects that will be manifested in Toronto. With other major corridors such as Finch west of Yonge, Eglinton east of Kennedy and west of Line 5's terminus, and the multiple corridors of the Ontario Line, the Crosstown is an important precedent for higher order transit development in the city.

York South Weston is one area that will be impacted substantially by the new line. The district, which for the purpose of this study is represented by the City of Toronto ward boundaries, is where the line will terminate in the first phase of the overall Eglinton project. In the future, if the Eglinton West and East projects are also successfully completed, the area will see itself as a focal point of the line. As a result, development activity in the ward has been oriented towards Line 5 and the increased ridership, foot traffic and volume of activity that will come with it. York South Weston, like many inner suburban areas in Toronto, is a diverse community with relatively affordable housing options compared to the wider city. It is also an area with noted social issues and that the City of Toronto has deemed most of the ward with the "Neighbourhood Improvement

Area" title. This is a designation that guides City directives for social programming and resources to improve conditions in said neighbourhoods. While the new transit line would ideally enhance transit options for residents and benefit the community at large, it also provides a ripe opportunity for landowners and developers to take advantage of the increased demand in the area for housing and commercial opportunities on Eglinton and the surrounding vicinity.

Through this study, I aim to gain an understanding of how development is oriented in the ward as the LRT is being completed. The key planning concept in which the focus of the study is centred on is Transit Oriented Development (TOD). Theoretically, TOD espouses that wherever transit is available, residential, commercial and community capacities ideally should increase so that residents, business owners, employees, and even visitors to the area do not need to rely on automobiles to access and frequent the area. By reviewing the development activity in the ward as presented by the City of Toronto's development application information centre, I created a database of information pertaining to these developments that analyzes information on the projects in question as well as the owners behind them. In addition to validating the extent to which the development optimizes the overall goals of TOD, I most importantly investigate the role that financialization plays for the owners, and the effects that this has on residents and other stakeholders in the community.

My main research question focuses on identifying the entities investing in areas with high potential for TOD, and the main implications of the types of owners who spearhead projects in the ward. Expanding on that research focus, I also question the degree to which financialized owners view TOD as an asset class, or rather part of a strategy to serve existing profit streams under their management. Owners who negatively impact residents through processes of gentrification are documented to use various tactics to aid their goals. Another research question that this study

investigates is how often these tactics are present in TOD projects by financialized owners. By understanding how the interests, motivations and strategies of financialized owners affect current and potential residents, it can help to inform policies that encourage increased development but also ensure that residents are reaping the benefits of the development in the process.

Scholars in the field have already identified issues with financialization but also its impact in the urban planning community. In Toronto, there is evidence of financialized owners employing strategies to profit from the inner-suburban apartment stock that lower income residents have relied on for generations (August and Walks, 2018). There are also various cases of financialization processes venturing into more niche housing market segments (Revington and August, 2019). This study aims to build on the discourse around financialization and the gap that exists as it pertains to how financialization plays a role in TOD. While this thesis will focus on York South Weston, it informs trends affecting Toronto as a whole. As noted, York South Weston is one of many Toronto wards in which the social conditions are notably more precarious relative to other City wards. Additionally, as financialization continues to dominate development worldwide, these findings can also be applied to similar undertakings around the world where land ownership and development is oriented privately and/or through markets as a result of large-scale public investment in Transit.

The York South Weston context area provides a great backdrop for the contrast in interest between residents and financialized owners. There are more renters than property owners, which deviates from the city-wide norm where the opposite is the standard. It is an area that until 2016 has also seen less development activity and population growth relative to the city. It has a higher proportion of racialized people, is more polarized in age, and more lower income people on average than the city as a whole. The community, however, has been increasingly active in

advocating for tenant rights and addressing the social issues that exist in the Ward. In an ideal world, the introduction of a key transit line in the city serving the community would be a keystone component in the City's efforts to provide the adequate resources to support its residents. However, these dynamics also set the stage for financialized actors to see the ward as bountiful for opportunity, particularly because it would be cheaper to access than more central and/or affluent neighbourhoods in Toronto.

In Chapter 2, I discuss the existing literature pertaining to financialization and how it takes shape in city-building. I also discuss Transit-Oriented Development and gentrification induced by transit. Chapter 3 provides more detail on the new Transit line and its role in transit expansion efforts in Toronto. The ward is also further detailed to provide context for the area in which the developments are analyzed. Chapter 4 describes the process in which the development database was formed, and the data was examined. Chapter 5 describes the findings and key trends from the data, providing a foundation for Chapter 6 which highlights key discussion themes identified from the developments and the owners. Finally, Chapter 7 concludes and provides additional considerations for the study.

2.0 Literature Review

2.1 Introduction

This literature review serves as a foundation to outline the environment for investment in Transit-Oriented Development (TOD) and communities.

The first set of literature reviewed focused on the broad nature of financialization and commodification.

Thereafter, the framework that scholars illustrate surrounding the financialization of various sectors of the economy is applied to real estate and housing. Within this subset of the literature, trends were identified that highlight the influence of the state and the market on real estate and housing markets. A focus is spotlighted on real estate investment trusts (REITs), which have grown steadily throughout the decades and have an increasing influence on Canadian, North American, and worldwide housing markets. Other products and their effects are briefly discussed. Finally, the effect of the financialization of housing is explored through gentrification, and specifically, gentrification through TOD and large capital projects geared towards transit expansion.

The final area of literature explored is the work around TOD. Scholars discuss the effectiveness of TOD, its notoriety in the planning community, and whether TOD unevenly affects marginalized communities.

2.2 Financialization and Commodification

Existing literature indicates that financialization is a process that has shifted investment in our economy away from the facilitation of the economy in growth through trade but rather, for the benefit of financial actors (Aalbers, 2016). Financialization is defined in many ways by scholars who have studied the topic. In a paper discussing the politics of financialization in the United States, Witko describes financialization as "… growth in the relative importance of financial compared to other types of economic activity in affluent economies – a shift that has important economic, social and political consequences" (2016, page 1). Rossman and Greenfield, when exploring the role that financialization has on labor and trade unions, note that it is a focus on short term returns on assets, comparable to global stock market returns (2006). Gunnoe and Gellert define financialization as "the gravitational shift from productive to financial forms of capital accumulation which has been one of the defining features of the economic and political transformation of the past quarter century" (2011, page 2). Similarly, Clarke (2014) and Davis and Kim (2015) explain the shift towards a focus on shareholder value above all other economic goals for businesses and corporations. In many contexts and frameworks, scholars are discussing financialization as a shift in priorities, capital, and policies that are geared towards profit and financial return over tangible, economic growth. The literature also has been critical of financialization, demonstrating its negative effects on society and culture, further exacerbating inequality, and fueling the destruction of the environment (Lin, 2017; Gunnoe & Gellert, 2011; Witko, 2016; Davis & Kim, 2015)

In economies around the world, speculation is not a new phenomenon. There have been many speculative bubbles in the past, dating back as far as the 1600s when the Dutch fostered the first bubble and crash through 'Tulip mania'. Currently, the financial sphere is suited towards the

maximization of shareholder value, which is leading to aggressive risk taking and speculation through corporate structures. Financialization as a process is leading to capital accumulation, even among companies that are in theory set up and mandated to be focusing on operations and other tangible goals of management (Clarke, 2014). One effect of this is now the clear prioritization of short-term gains over long term, sustainable profits, and fundamentals, primarily driven by financialization (Clarke 2014, Gunnoe 2014). On Wall Street, Bay Street, and in other major wealth centres, financial actors aim to "beat the market", or rather, earn a return higher than broad based indexes based on national or global economic activity and profitability. These investors, pension and institutional fund managers, and other large players have been able to influence companies and managers to take risks and run businesses primarily to earn returns that beat these benchmarks, and not directly to attain tangible economic goals suited to growth, employment, and prosperity among the populace. While some actors are benefitted handsomely by this shift in the system, Lin argues that there are losers and victims with this system, and its relationship to globalization (Lin, 2017).

The financial markets are a key pillar to the Anglo-American economic system. In fact, the stock market is the essence of the free market that Western societies have backed for decades. However, Gunnoe argues that the financial sector has become oversized and does not take the form of a free market (2014). Ultimately, institutional investors are central to the political and economic powers in the capitalistic framework of the United States, and their interests are catered to in the plight of enhancing their financial interest. The uneven distribution of costs and benefits indicates that policy and politics have a role to play in the effect that financialization has in our societies. Witko explains that there is evidence that measures to deregulate the financial industry were aided by government, although much of the focus and

vitriol in the public discourse tends to be aimed towards financialized actors. In their thesis however, they explain that the government can also be considered a financialized actor (Witko, 2016).

This deregulation has led to speculative approaches to investment in companies, highlighted by Freeman through the YRC bankruptcy ordeal. YRC, is a freight shipping company that had come under financial distress in December 2009. Goldman Sachs, an investment bank and financial services company, developed a market for the bonds of YRC along with credit default swaps, which is an instrument that pays off in the event of the default of the underlying. When YRC fell into financial difficulties, these instruments became profitable to financialized investors, making it more attractive to influence decisions that would lead to its ultimate demise - unless the bonds were converted to equity to relieve the financial pressure on the company (Freeman, 2010). While YRC was able to withstand financial hardship, escape bankruptcy and remain in business, the case study highlighted various alarming takeaways. Firstly, crises like these, as well as macro incidents like the Global Financial Crisis (GFC) highlight the risk and decisions that financialized actors take to generate value. This comes at the expense of jobs, reductions in public goods, sustainable growth, and expensive bailouts that tend to be funded by the taxpayer. Secondly, Freeman noted that reform is needed for the institutions that link the economy and finance. Currently, the incentives in the market encourage risk taking and the involvement of fraud at some of the most perverse levels of investment speculation. Finally, non-financialized players will need to be at the forefront in pushing for this reform because financial actors would naturally be going against their best interests by doing so – they are focused on rent seeking versus creating tangible value. While Freeman is unclear about the reform required to recalibrate financial markets, Witko argued that increased regulation was

required to rectify the fault that the GFC exposed. As it played out, the financial industry influenced the weakening of some of the proposed restrictions. This in turn benefitted financialized actors rather than instead creating jobs and sustainable income growth to enhance the broader American economy (2016). Clarke also argues that legislation is required to balance the playing field (2014).

On the other side of the token, a reliance on the market has led to an influence on social policy by neoliberalism, which has led to fiscal constraints, privatization, and commercialization. (Fine, 2012). While the GFC could have been the inflection point to review the merits of the market in providing for society, as argued by other scholars, this reformation was not extensive enough. Fine questions the effect of the crisis and if there should have been more of a focus on progressive social policy and the inequality that the financial markets were reinforcing. In that, a recommendation for a conceptualization of social policy as well as increased recourses was required to grow the welfare state and support development goals of economies.

Several scholars discuss the effect that financialization has had on labor and the prosperity of workers. Witko argues that the strength of unions in previous political cycles, particularly when the Democratic Party in the United States was in power, led to a slowdown in financialization processes. Over time, organized labour has declined in importance with jobs either being turned into automated processes or outsourced to regions and economies where businesses can produce at a cheaper price. At the same time, financial actors have become more mobilized into politics, which is leading to a lack of accountability to curb financialization processes (2016).

On the other hand, private equity, REITs, and other institutional investors own significant segments of the manufacturing segment of the economy (Rossman and Greenfield, 2006).

Generally, workers have not been aligned with this style of ownership as it pertains to real production, productivity, or jobs, because the market is not wholly interested in some of these - lest it can be translated into asset prices. Additionally, owners are less tangible and in a more culpable position to generate social destruction and insecurities for employees, which exacerbates the challenges for labour unions to negotiate job protections and fair wages. Ultimately, Rossman and Greenfield argue that financialization has broken the link between profitability, and wages, and that it is important for governments to recognize the ability they have to regulate these processes of financialization (2006). It is also argued that while financial markets destroy economies, labour markets do not have the same power to dismantle economies.

One big factor for the increase in financialization is the shift in incentives for managers to chase short term gains to increase asset prices. Shareholder value has become paramount for investors (Clarke, 2014; Davis and Kim, 2015; Batt and Appelbaum, 2013). To better align managers with investors, incentives have shifted to encourage managers to take increasing levels of risk and restructure corporate orientations to extract maximum profit for financial actors. Davis and Kim go on to discuss the role that financialization has played in the outsourcing of jobs, disaggregating corporations wherever possible, and streamlining corporate strategies with shareholder value as the paramount figure. The scholars argue that when there is a financialized aspect to a business, or decision that affects a business, actions taken are much different as opposed to when the intermediary is a bank or the state. Where financial markets are involved, products are created to consistently turn tangible assets into tradeable assets. Essentially, if it has a cash flow, it can be securitized into a financial instrument (Davis and Kim, 2015). Gunnoe also argues that it is a feature of financialization to search for new investment assets to raise capital (2014). Batt and Appelbaum argue that these strategies affect company management and

employment outcomes. Interestingly, they argue that a shift in incentives and increased risk-taking strategies is a result of deregulation and institutional change that rendered increased power for financial players to be involved in the governance of US companies. This was also exacerbated by amendments made to corporate and tax laws, as well as the deregulation of financial instruments. The result was an adoption of risk taking through financial engineering and Leveraged Buyouts (LBOs), which was institutionalized as more businesses were governed under the auspices of financialization and its processes (Batt and Appelbaum, 2013). The facilities to aggressively take financial risks has led to a misalignment of incentives related to performance, whereby managers are incentivized to work in the short term to increase their compensation, delivering a larger return to investors as a result (Rossman and Greenfield, 2016).

An example of the effects of this on tangible segments of the economy is the increase in institutional ownership of timberlands in the United States (Gunnoe and Gellert, 2014). Private ownership of more than half of the timberlands in the US is consolidated among institutional owners such as Timber Investment Management Organizations (TIMO) or Real Estate Investment Trusts (REIT). These firms are not focused on production and owning the lands to suit operations of timber producing enterprises, but rather, profitability to satisfy return targets of their clients. With farmland and timberland vital to the American economy, this is leading to social and ecological changes while the assets serve as collateral for investors (Gunnoe, 2014). This change in the industry has also affected operational timber firms, such that those who produce timber are focused on returns vs maintaining supply. This illustrates the process by which assets are reshuffled from the economy to the financial sector. In the absence of financialization, Gunnoe argues that there would not be a clear rational decision to shift ownership of these assets to financial actors. As a result, a potential speculative bubble is created

as investors bid for ownership of timberlands, at the expense of the environment and more broadly, society.

While scholars agree that financialization is also occurring around the world (Witko, 2016; Clarke, 2014; Davis & Kim, 2015), it is unclear what processes occur in economies in the Global South. Scholars generally agree that globalization and the ability for money to flow with minimal restrictions has fueled the processes that perpetuate. But the state driven financialization that Witko describes may not be a feature of financialization processes in other worldwide contexts, as indicated by Davis & Kim.

Understanding financialization as a process that has shifted priorities helps to conceptualize its effects within segments of the economy and our society. The premise of "beating the market" and speculating on tangible assets and growth is ever present in real estate and housing. Financialization continues to shape how housing is made available and priced, as well as the negative effects of gentrification and displacement in our cities.

2.3 Financialization of Real Estate and Housing

2.3.1 State Influence

A common theme highlighted in the literature is the deliberate influence of the state to encourage and intensify the process of financialization of housing. This has been noted to occur in various jurisdictions and contexts.

Scholars argue that the shift in real estate finance has moved housing towards a fundamental framework akin to financial markets. Aalbers describes the previous housing

finance regime as more of a Fordist housing regime, when considering mortgage lending (Aalbers, 2017). The state entered and provided mortgages, and those who offered mortgages outside of the state were heavily regulated. Regular banks were not as involved in mortgage finance as they are today. Through policies enacted by legislative institutions through deregulation, the system now relies on financial markets for mortgages and housing, which is leading to increased volatility. Aalbers explains that this dynamic is very much evident in the US and the UK, among other worldwide markets, where the state primarily employs financialization tools to manage the housing stock for residents. This is done through privatization, and a reduction (and/or even neglect) of social housing for marginalized populations to access. Aalbers argues that there is a convergence of this form of financialization of housing worldwide:

> ”The involvement of a number of the same type of agent—sometimes the very same investors, banks or landlords—around the globe is further evidence for the argument that there are common trajectories within uneven and variegated financialization, rather than radically different and completely unrelated forms of housing financialization.” (Aalbers, 2017).

Outside of Canada, scholars have investigated the effect that financialization has on a multitude of real estate classes, not limited to purpose-built rentals, mortgage markets, timberland and natural resources, megaprojects, and commercial real estate. Fields and Uffer explored the process of financialization as it has occurred in the rental markets of New York City and Berlin (Fields and Uffer, 2016), with Fields emphasizing the extent of work that is required of community organizations to preserve rental housing in a financialized market (Fields, 2015). A notable distinction was made between the Berlin and New York experiences. In both situations, they note that financialization is intensifying and it does so through deregulation and

other political processes. There were unique conditions in each city related to social welfare, among other factors, that made both markets useful for financialized actors to exploit. In Berlin, large blocks of land were sold at once, making it easy for portfolio accumulation to occur among larger investors, including institutional. The initial sell off was state driven, to deregulate for the intended benefit of the public. At the time, a regime of austerity was in place which required extensive efforts to balance fiscal budgets. These properties, whether intended or not, were eventually sold to owners who were ultimately interested in short term profits (Fields and Uffer, 2016). In New York, it was rather an advocacy campaign from free market advocates and major property owners that influenced decisions to further deregulate the market.

In both scenarios, it is evident that the state influences the environment for financialized actors to capitalize, whether through coercion and the might of those who stand to benefit as seen in New York, or by necessity through austerity focused programs. And in the process, this deregulation has perverse consequences on housing and urban equality because of neoliberal actors and through the system that has been developed (Fields, 2015).

Another way in which financialization occurs is through incentives for developers and owners at the local level to encourage major investment within municipal jurisdictions and subnational regions. Gunnoe discusses the role that local governments play in offering reduced tax rates and even tax breaks for land held in their jurisdictions that ultimately lack a tangible contribution to the local economy from owners who hold the land for profit and speculation rather than production (Gunnoe, 2014). Furthermore, this can even take the form of an entrepreneurial focus by the local government itself, as evidenced in Chicago (Weber, 2010). Municipalities have become interested and even reliant on financial markets, not only for municipal bonds but for other forms of assets too.

When a city looking to be entrepreneurial takes measures geared towards incentivizing development, there are many tools at their disposal which financial market participants are ready to engage with. Cities can use their political power to influence these markets and make them liquid with assets that form a collateral package to raise funds or generate future cash flows to the city. Weber argues that in theory, financialization is not inherently a bad thing for a city if used wisely and as the city's wealth grows, to free the municipality from reliance on financial markets. Experience has shown however that cities tend to disadvantage and further indebt themselves. In the process, financialization changes the nature of public goods and services that serve as collateral.

In extreme circumstances, this entrepreneurial spirit leads to political authority being wielded and utilized in what Weber coins as "the financialization of local policy" to supress those who do not agree with this direction of risk taking. This framework aligns with Witko's argument that government institutions can also be considered financialized actors. Other more mainstream tools have also been utilized for these purposes. Zukin et al explores the state's influence in gentrifying Harlem through development incentives such as Tax Increment Financing and Business Improvement Areas. These incentives allowed for retail commercial real estate investors to capitalize on the market, making it difficult for original retail owners to conduct their business (Zukin et al, 2009).

Whereas researchers have demonstrated the negative effect that the state has on the financialization of housing and real estate, Theurillat and Crevoisier argue that under certain conditions, a relationship between the state and financialized actors can lead to successful outcomes (Theurillat and Crevoisier, 2013). The focus of their study was large urban projects, such as sports stadiums, train lines, airports etc. that are owned and backed by financial actors.

They note that financialization does indeed have an effect on the sustainability of these projects and question this model of development. Through Sihlcity, a Zurich shopping mall that was purchased by financial actors, the development serves as a proxy for larger urban sustainability considerations stemming from issues the project had. They determined that financial actors play a part in the construction of sustainability, and in the case study, there was a successful compromise between financialization and sustainability through traffic reductions around the site.

Theurillat and Crevoissier use the nexus that the financialized actor (Credit Suisse) has to the project as a determining factor for the relationship to be fostered between investors and local constituents. In this, a local financialized channel of investment was established. Since Credit Suisse took part in the project as an economic entrepreneur, it is suggested that they align with local actors because of the role the project plays in the grand scheme of the city’s local economy. An important intermediary in this model is the developer, who works as an agent between the investor and local actors. This model has been utilized in other projects in Zurich as a result.

It is unclear if this model applies to large housing projects or existing stock of rental housing that generally has led to perverse outcomes in other cities and contexts. But the findings of this study indicate that a focus on local investment can help lead to beneficial consequences for the community at-large, because investors with a nexus are more aligned with values of the local constituency than globalized financial actors would be. This does not imply that local investors cannot misalign with the local community, especially if the framework allows for profiteering of these assets. It does suggest that local investors may have a bigger motivation and better resources to address the interests of the community.

In Canada, financialization literature is continually developing with various scholars demonstrating the effects that neoliberal policies have on affordable housing (Kalman-Lamb, 2017; Clifford, 2014). The literature indicates that neoliberalism and neoliberal policy from the mid 1990s to the early 2010s legitimized the financialization of housing and led to unequal wealth accumulation in the country (Kalman-Lamb, 2017), reducing housing affordability for lower income people in the process (Clifford, 2014). During this time, the Federal Government moved away from subsidy-based housing to a more market-based approach that supported the private housing and mortgage industry as well as Canada Mortgage and Housing Corporation (CMHC). This led to affordability issues in the 2000s and was fueled by products that helped financial institutions create additional demand for housing, driving prices up. The products were geared more towards capital accumulation and speculation rather than providing an adequate housing supply at affordable prices for residents.

Clifford further notes that subsidy-based housing affordability has been combatted by a focus in the industry to innovate and compete to make housing affordable for lower income people, which did not work once the GFC impacted housing substantially. Kalman-Lamb argues that financialization and affordable housing contradict each other, and even though the state saw the effects of this through the GFC, it has only further intensified, once again through state-led measures. However, Clifford's review determined that regulatory changes to CMHC in the 2010s indicate an acknowledgement by the Federal Government of their failures in housing policy. These policies are intended to regulate the mortgage market, through amortization period reductions, mandating stronger down payments rules, and banning some speculative and high-risk mortgage products.

Canada's rental market has also been directly affected by state influence that has allowed financialized actors to capitalize on rents. August and Walks demonstrate the financialization activity that has occurred in Toronto's rental market. Aligning with Kalman-Lamb, they argue that financialization has intensified after the GFC. In Toronto, REITs have increased their property holdings of rental housing, often in lower income, inner-suburban neighbourhoods. This has been allowed, as argued by the scholars, through state policy, legislation, and intervention that allowed for REITs to be born, conduct business at lower borrowing costs, and providing a policy environment that allow global actors to tap into local markets that they otherwise would not have access to (August and Walks, 2018). In their work, they argue that Federal and Provincial governments are complicit in this.

Various solutions have been proposed by scholars in the field. August and Walks propose that policy changes are required at the local level to encourage investment, but not at the cost of gentrification and displacement (August and Walks, 2018). Fields and Uffer, on the other hand, agree that policies are required at the local level but also maintain that policies that allow for financialization to occur are mandated at higher levels of government – sub nationally or federally (Fields and Uffer 2016). They acknowledge that those levels of government have a responsibility to address the issue as well. Clifford's proposals are more related to the transformation of housing, starting with viewing it as a social right and a funding priority of higher governments. At the minimum however, an increase in the supply of affordable housing for low- and middle-income people is required and should be funded by the state (Clifford, 2014). Further privatization of the same institutions that allow financialization to occur is also cited as a solution, but Clifford indicates that this will lead to equity issues for vulnerable communities. Firstly, rural, and northern communities likely wouldn't qualify for mortgage

insurance under privatized regimes due to the perceived risk that financialized investors would account for in their profitability models. Secondly, social housing projects backed by CMHC in a multitude of Canadian cities also would fail to satisfy the return-on-investment benchmarks that investors demand of their capital. The Sihlcity case study was the only one reviewed that argued for increased collaboration between the state and financialized actors (Theurillat & Crevoisier, 2013), but it is unclear if this model would be applicable for housing projects and furthermore, affordable rental housing developments. While urban sustainability is important, the benefits and costs to financialized actors and residents are not alike as in the case of the provision of affordable, safe, dignified, and adequate housing.

2.3.2 Market Influence

The literature in the field also demonstrates an increased focus from investors for value to be extracted from housing-based assets. Aalbers notes the importance that housing has to financialization overall (Aalbers, 2017), and the role that mortgage markets plays to facilitate global investment (2016). He argues that this has increased market volatility and furthers the agenda of neoliberalism that has influenced housing markets over the past quarter century. Ultimately, this has made homeowners financially exploitable through tactics and systems such as credit scoring. They are linked to the securitization and restructuring of markets to support financialized players in making investment decisions (Aalbers, 2016). In agreement with Kalman-Lamb's assessment of the Canadian housing system, Aalbers maintains that the GFC did not really start the shift to financialize housing. What instead occurred was a transformation of housing financialization that originally exploited mortgages to shifting focus towards the

exploitation of rents (2016). In its current form, mortgages and rent subsidies are primarily a function to keep financial markets going, instead of being facilitated by the markets.

Another culprit for the increase in financialization is the low levels of interest rates (Fields & Uffer, 2016), that encourage investment particularly in real estate where mortgage rates are important factors to profitability and returns for investors. It is also important to note the emphasis that scholars place on the rent seeking of financial players (Freeman, 2010; Gunnoe, 2014). The presence of consistent rents and cash flow for financial players allows for property to be easily reproduced as a financial asset (Rutland, 2010), provided that the expected return on investment from the asset meets the goals of investors.

With some of the most competitive housing markets in North America, there are various case studies that illustrate the effect of heightened market demand on the affordability of housing. Fields and Uffer found that where Berlin property owners benefitted from a large supply of housing to create investment portfolios, properties in New York were not as liberally available. Managers were forced to slowly build portfolios from long term, smaller scale owners as they sold them off over time. There was a large amount of competition for these properties, leading to higher purchase prices of these assets and, in turn, a higher level of rent to generate a satisfactory return on investment for investors (2016). This competition was also evident in the commercial gentrification that has shifted retail in the Williamsburg neighbourhood of Brooklyn. Compared to Harlem (in Manhattan), where the state influenced investment into the neighbourhood, as Williamsburg gentrified, the resulting retail competition drove commercial rents up (Zukin et al, 2009). Finally, August and Walks describe the movement of investment into multifamily housing in Toronto suburbs as "the seesaw of capitalism and required

disinvestment" for profit margins to be acceptable for rent-seeking investors in multifamily homes (August & Walks, 2018).

In international (non-North American) contexts, financialization is showing growth post GFC. In Spain, Yrigov highlighted the shift in the country's hotel industry towards increased financialization, in which a focus has turned to extracting profits of the hotels and using financial instruments to engineer the value of the hotels for gain (2016). Even in rural land markets, Gunnoe demonstrates that institutional investors are primarily interested in return on investment (ROI) when purchasing properties and companies in the industry. It is argued that this influences rural life; "capital markets, rather than commodity markets, appear to be the ultimate determinants of rural welfare and rural social, as well as economic structures." (Gunnoe, 2014).

This shift highlights an increased level of investment in niche sectors and markets (Rutland, 2010; Revington & August, 2019). In Halifax, a mid-sized Canadian city, Rutland noted the relationship that financialization and urban redevelopment have. They found that it was evident that the interest and influence of financial market participants increased as development projects were proposed and completed, and purpose-built rentals acquired. Rutland is also critical of pro-development strategies, such as the creative city ideology (Florida, 2005), which they argue is accelerating the pace of financial capital flowing into cities and changing the dynamic of urban living (Rutland, 2010).

Likewise, Revington and August discuss the increase in investment in student housing, particularly in small to mid-sized Canadian cities with prominent post-secondary educational institutions (2019). Waterloo, Ontario is used as a case study, which has a high student population within the region. Whereas larger cities have many more opportunities for investment, smaller cities are limited in investment opportunities, particularly for real estate and

housing. Through the Waterloo case, they establish that financial investment into niche sectors requires finance to make a market for itself, in this case through the creation of student housing offerings. Due to the high demand in student housing, this facilitated the ability for financialized players to capitalize on it as an investment product also. Investors undertook strategies that looked to tap into the luxury target market, which, with the added component of underinvestment in the city, would understandably show large potential for value. To be able to do this, financial actors needed to generate interest in higher cost student housing, unlike other real estate classes that rely on existing demand. Since 2012, financial actors have owned 42% of student beds in Waterloo. The effects of this, as argued by Revington and August, are housing affordability challenges and age segregation, with students primarily living in close quarters with each other compared to a more integrated approach with non-student populations in the city.

Financial actors are continually looking for new opportunities that can increase cash flow and returns to investors. With new asset classes being forged and adopted by financialized actors, and new strategies undertaken in existing segments of the housing industry, there may be other opportunities that financial actors are interested in exploiting, particularly where there is a "safety net" available for them through public goods and services. This "safety net" may also be the relationship fostered through government action towards housing, which continues to allow for financialization through neoliberal and pro-growth policies. Housing is becoming more variegated and uneven across the world and within countries too (Aalbers, 2017), through this capitalist urbanization (Revington and August, 2019) that is experienced in housing markets worldwide.

While housing developed by private builders has always had an element of financialization, as these processes have expanded into more niche streams, it is important to

investigate the role that market-based financialization is playing on the transformation of York South Weston. Private developers generally will require some sort of financing to complete projects, typically and traditionally through banks. As financial markets developed over time, and newer investment vehicles and strategies emerged, the traditional financing structures have evolved. As financial actors, banks are profit oriented with the aim of earning interest. Modern financialized actors such as REITs, private equity firms and publicly traded companies are geared towards maximizing profit as much as possible. To reach these goals for shareholders, firms are forced to utilize strategies that are at odds with housing access and affordability – especially in a competitive environment where current and prospective investors expect a return on investment that will beat what the overall market provides.

As it pertains to York South Weston, whether it is new housing, redevelopment of other land uses, or redevelopment of existing land uses, developers involved in projects in the ward that are oriented in financialized structures will prioritize profits. To successfully generate profit, rents or housing costs will have to increase, or existing landlords will need to cut costs. Both have negative effects on the life of residents, whether it means that rents will increase, purchase prices of condos and freeholds will increase to the point where existing residents are priced out, and/or units are not maintained in the necessary manner to ensure that tenants are safe and comfortable in their homes. Through this study, the effects of these dynamics where the presence of the new LRT will increase demand significantly in a short time will be investigated.

2.3.3 Real Estate Investment Trusts (REITs)

As previously discussed, financial markets have moved away from the exploitation of mortgages to the exploitation of rents, with more people now requiring rental housing. REITs are creatures of tax law and facilitate the flow of income from property holdings without corporate taxation so long as all or substantially all of its income is distributed to unit holders (Aldrich, 1971; Feng, Price & Sirmans, 2011). They are a primary instrument for investors (who are legally known as "unitholders") to extract value from housing through rent collected from tenants in houses, apartment buildings, and businesses in commercial spaces, as well as income derived from development and the capital gains generated upon the sale of properties. This allows for investors to allocate a portion of their portfolio to real estate exposure, without having to put up the large amount of capital required to develop, purchase and/or maintain a property to generate rental income. Aldrich noted that REITs require a lot of work from lawyers, accountants and auditors to ensure that these instruments are compliant with exchange and tax laws, which suggests the role that financial engineering plays as part of the financialization process to attract investors and extract as much profit for them as possible.

Feng, Price & Sirmans discuss the growth in REITs through the 90s until the global financial crisis in 2009. Early on, there were many initial public offerings (IPOs), and then, a consolidation of assets under management by those REITs occurred, leading to a smaller number of larger REITs that held more properties. Other trends identified by the scholars include a wider variety of asset classes, more institutional ownership of assets, and partnership structures that separated ownership of the properties (which serves as a revenue centre) from operation and management of the underlying (which is more centred on costs) (2009). Generally, REITs aim to

continually increase cash outlays to unitholders by segregating risks and increasing profit margins wherever possible.

Housing financialization scholarship has demonstrated the perverse effects that REITs have on the housing market for affordable units. For example, in Toronto, evidence points to REITs driving gentrification in inner suburban communities through various business strategies that are suited to extract profit from rental properties (August & Walks, 2018). In Halifax, REITs are the primary vehicle in which financial actors are able to influence urban redevelopment and downtowns, which is a growing phenomenon in smaller to mid-sized cities (Rutland, 2010). Furthermore, in Singapore, S-REITs are exploding in the city state and have an effect on contributing to the "urban spectacle" that forms a component of the urban fabric in the city. (Daniels, 2015).

Increasingly, REITs are shaping how city dwellers live, view and experience the cities they live in. Beneath the surface however, this is leading to increased rents, lower quality of living through the neglect of properties in the pursuit to limit expenses and maximize profit, an uneven playing field for small businesses (Daniels, 2015), and increased leveraged risk taking (Feng, Price & Sirmans, 2011). The goal of generating a profit has led to tactics such as cutting, squeezing, greening, increasing rents, bullying tenants, and even bribing being employed by REITs (Power & Risager, 2019). This all comes at the expense of tenants.

2.3.4 Other components and Tools

There are other components of housing that the literature is critical of. Mechanisms such as urban planning processes, housing rights, and subsidized housing have been used to benefit

financial actors (Aalbers, 2017). Another tool, used by municipal governments, is the Tax Increment Financing (TIF) incentive. Cities sell off rights to future property taxes in districts in the municipality in which development is generally desired. These areas tend to be underdeveloped and often neglected neighbourhoods. Weber demonstrates how financial engineering made these instruments appear less risky in Chicago. Ultimately, revenues were generated through the incentive, but it led to an over supply of commercial real estate. As municipalities weather the pressures on their coffers under austerity regimes worldwide, TIFs are becoming more popular around the world too (Weber, 2010).

2.3.5 Gentrification and Displacement through Financialization

Gentrification and displacement are important concepts that have been studied broadly by scholars. For this literature review, gentrification and its effects are reviewed in the contexts of financialization and transit development (next section), which have both been studied as factors that exacerbate processes of gentrification in neighbourhoods and cities.

Emerging literature explains the actions of financial actors in gentrifying areas. While larger, global cities are becoming spaces of capital accumulation (Fields, 2015), there is evidence that financial actors are involved and investing in smaller cities and towns too (Power & Risager, 2019). August and Walks (2018) explain that in gentrifying areas in Toronto, financialized owners have utilized renovations and ‘renovictions’ as a tactic to drive existing residents out of the neighbourhood. Where a unit is left vacant after a lease term is completed or a tenant moves elsewhere, or is evicted in some cases too, property management groups work to upgrade the unit and increase the rent to increase income. While in a city like Toronto where the rental market is

in high demand and property owners do not lack the ability to turn over units to higher income tenants, this tactic pushes out lower income people for whom these apartment towers are best suited for in the inner suburban neighbourhoods, where accommodations are more affordable than the downtown core. In line with Witko's (2016) assessment that financialization distributes costs and benefits unevenly, the prospective low-income tenant bears the costs (increased rent, less supply on the market in their price range, potentially requiring relocation to another neighbourhood and loss of social connections), and the property owner gains through higher rental income. Often too, this is an opportunity for institutional backed real estate firms to get rid of "problem tenants", which they may view as an additional cost saving.

With rental income being an important value generator, the need to supply housing is based on the premise of an increase in returns rather than to supply adequate and affordable housing to the populace (Fields, 2015). Fields uses a critical narrative of "predatory equity" to explain how this process bears costs on low-income people and benefits financial actors in New York. Some of these costs are the reduction of available affordable housing, poor conditions for those who are fortunate enough to access affordable housing, and even harassment. The dynamics of predatory equity as a business strategy utilized by financial actors, was noted by Fields & Uffer (2016) as essential for property owners to push out low-income tenants and fuel gentrification and displacement. This is manifested by a lack of maintenance that may lead to a wilful neglect of properties, upgrading (similar to what was noted by August & Walks (2018)), and passing on costs to renters who aren't able to afford to maintain their units on their own. This supports the theory that financial actors benefit from gentrification and look to exacerbate it to increase income and returns for investors and financialized owners.

Financialized gentrification does not only affect housing. Commercial gentrification has also demonstrated a relationship with financialization. Zukin et al (2009) noted the rise of "boutiquing" and the effect the strategy has on local stores and services in neighbourhoods in New York City. As described by the scholars, the first wave of retail gentrification is fueled by boutiques and upscale entities, which residents in this case study expressed concern about - the sentiment being that that they are catered to white people. After the early adopters contribute to increasing the density of commercial activity and potential for increased rents, other boutiques, and bigger box stores (backed by institutional investment) follow. It was observed that this created a bias towards "new" and "growth" instead of tapping into the implied strength of community institutions that have served the community - even in an environment where investment was not attractive. Additionally, once big box retail and bigger residential developments were on the horizon, this led to increased pressure on original store owners in the neighbourhood to drastically adjust or move out of the business.

Zukin et al suggest that this is a failing of the state, in that the protection of services for lower income residents to rely on is neglected. Even if in a gentrifying neighbourhood an original resident can keep their unit, the loss of cheaper food, household supplies, restaurants, and other goods leads to increased costs. Another cost that is often not accounted for is the destruction of the social fabric (Power & Risager, 2019) created by businesses that literally hold communities together over long periods of time. Boutiques are an important component of gentrification and the "creative class" view that urbanists have employed in cities in the previous decade. As a result, investors through this process change the social class and ethnic character of the neighbourhood. Similar to August and Walks (2018) recommendation that protection is mandated for affordable housing while encouraging investment, Zukin et al also recommend that

long term local shops are protected while fostering the growth of new retail clusters. I question if this is possible without reform to curtail the power of financial actors in housing and retail real estate classes.

Scholars have noted the pushback against the actions of financialized owners who exacerbate gentrification. Fields (2015) highlighted that community figures are using many tools to actively name and combat financial players and neoliberal actors as they undermine affordable housing in New York City. Likewise, in Hamilton, a case study through a tenant led rent strike was noted by Power and Risager (2019). Whereas New York serves as the case study for the global city that is a centre for financial capital, Hamilton is a small to midsized city that has a housing crisis due to deindustrialization, real estate investment and gentrification. Many of these precarious tenants were vulnerable and receiving support from the state through various forms (welfare, disability, Old Age Security), or had incomes that were not rising at the pace of housing costs in the city. The conclusions from the study were that community organizing is increasing and needs to continue in that direction as capitalism advances and increases its reach due to financialization. Another key conclusion was that rent strikes may work for smaller landlords, but not for larger landlords such as REITs, private equity firms, and institutional investors. It was acknowledged that one property does not put as much financial pressure on a landlord that owns tens or even hundreds of properties under their portfolio. As a result, tenant organizing, as Power and Risager argue, needs to be broader instead of targeted. A noted success of the strike was the increase in knowledge of tenant rights, the financialized owners, and the actions they undertake to undermine their ability to have affordable and adequate housing. Similar to Fields' (2016) assessment of community organizing in New York, it appears that the

literature suggests that increased tenant education and information sharing has been successful in the plight for better housing conditions in targeted situations.

2.3.6 Gentrification and Displacement through Transit

Another context in which scholars have studied gentrification is in its relationship with transit. Various studies have looked at the effect that transit has on residential gentrification and commercial gentrification. While many studies use investment in rail as the context in which gentrification is analyzed (Kahn, 2007; Schuetz, 2015; Chapple et al, 2017; Zuk et al, 2015; Rankin, 2015), it has also been analyzed through the context of cycling facilities (Stein, 2011).

Zuk et al analyzed gentrification using broad public investment as the context under which it occurs. The authors noted that while the relationship between public investment and residential displacement has been discussed, transit is often not a focus in that discussion. In their assessment, they adjudicated that governments may be seen as an agent of gentrification with the vast incentives they provide for new ways to live in cities, to attract residents and development, and increase their tax base (2015). This assessment aligns with Witko's critical theory that government can also be a financial actor (Witko, 2016) – although Zuk et al do not discuss explicitly financialization in their review. The paper also included indirect policy actions as part of public investment in transit and its role in displacement, such as TIFs, BIAs, and other incentives of that nature. It highlights the capacity for cities to undertake aggressive entrepreneurship (Weber, 2010). The study concluded that gentrification from public investment in transit does lead to displacement and may push out tenants, but some manage to stay. They do acknowledge the limitation of the study and the literature in understanding neighbourhood

change and social capital more broadly, which other authors have discussed (Power & Risager, 2019) – albeit, without the focus of transit. Another housing-based study by Kahn (2007) analyzed gentrification in new transit-oriented communities from 14 American cities that expanded rail. The study found that gentrification occurred more in areas where the new stations increased walking and last mile access to transit vs park-and-ride commuter stations. Another finding was that gentrification does not always happen near transit stations because of their perceived nature as poverty magnets. Because transit tends to be used more by low-income people, there is a stigma attached to it compared to driving. Finally, using home prices and the number of college graduates (or in other words, residents more likely to be in the "creative class") as an indicator of gentrification showed that some cities such as Boston and Washington D.C. experienced gentrification where others showed no evidence of it occurring, such as Los Angeles and Portland. There may be other factors embedded in these contexts that lead to different outcomes related to gentrification along with the investment in transit, which have not been explored.

Similar research on transit induced gentrification from rail has been conducted on commercial real estate and retail activity. Schuetz (2015) ultimately concluded that in areas that are already dense with residents and jobs, transit improves access but does not increase economic activity. There was no discussion on the change in retail activity in these areas, or if it shifted the types of retail available to those residents. Another study looked at areas that were either classified as gentrified or non-gentrified and assessed the change in pedestrian and cycling safety under each context (Chapple et al, 2017). The authors found that around commercially gentrified stations, there was a higher risk of collision as well as higher collision rates compared to their non-gentrified counterparts. Again, this may be due to other factors, a significant one being that

TOD neighbourhoods typically have higher populations and traffic volumes of all nature (Kahn, 2007). Of note, where there was an attempt to make an area less reliant on the car, collision rates increased in some cases. It would also be more informative if information was available pertaining to the cyclists and pedestrians that were being affected – are they those who rely on walking, cycling to get around or were they leisure users of these active transportation methods?

In the Canadian context, Rankin & Mclean (2015) discussed the changing dynamics of commercial spaces in Toronto's suburbs due to transit investment. These commercial spaces are important to immigrants and low-income groups but are often overlooked in arenas where policy and investment decisions are made. With more investment in transit being made in the Mount Dennis area, the authors analyzed the effect that the TOD program is having on these commercial spaces. Development in these areas is focused on reordering commercial spaces, making it difficult for immigrant owned businesses to survive as rents increase and key customer segments are forced to move away due to residential gentrification. Similar to the strategies that REITs employ (Power & Risager , 2019), the paper noted that redevelopment in the area is undertaken through two main strategies – infill, mixed use and big box; and green and creative (Rankin & Mclean, 2015). While both come from different ideologies when viewing development on a political spectrum (the former being more of a conservative style; the latter, progressive), the study concluded that both can be considered racialized class projects (2015).

Few studies identify the other forms of transit that can perpetuate gentrification, save for Stein's study on bike lanes in New York City (2011). His theory is based on the premise that transportation is a form of injustice in the city and bike lanes, like other forms of transit, perpetuates that injustice. Where livability is a way to attract capital, cycling is a component of the urban living framework that a dense area like Manhattan or others in New York City

facilitates. The study provides evidence that bike lanes and pedestrian plazas, another tool to enhance transportation in the dense area, coincide with rent increases in some areas of the city but immediate gentrification is not experienced in other areas where bike lanes are installed. Stein concludes that cycling facilities need to be made available more widely for working class people, as this will help deal with gentrification by lowering transit costs and removing other costs related to owning a car.

2.4 Transit Oriented Development

2.4.1 Overview of TOD

Transit oriented development (TOD) was codified in the 1990s by Peter Calthorpe, and quickly became the dominant planning agenda (Carlton, 2009). Calthorpe's arguments for TOD in *The Next American Metropolis* (1993) aimed to persuade the planning community that the model would be able to address sustainability and social issues that communities were dealing with in that generation (Carlton, 2009). Some of the many benefits that Calthorpe and supporters of the model tout are that it can support low-income people through job creation, lower transit costs and better services for people who can't afford a car (Niles & Nelson, 1999; Soursourian, 2010). It is important to note that not all transit around development is considered TOD. A unique factor of TOD is that it prioritizes pedestrian and active transportation over automobiles (Venner & Ecola, 2007).

Scholarship on TOD lacks consensus pertaining to its benefits and pitfalls. Where challenges are cited for TOD, authors focus on the barriers that TOD generally faces to being fully implemented, so that these impacts can be properly assessed (Noland et al, 2014; Venner &

Ecola, 2007). In New Jersey, Noland et al (2014) looked at TOD's impact around train stations in the state. They cited increased interaction between people within neighbourhoods, walking activity with potential health benefits, less driving, and increased safety as good outcomes for residents. The state benefitted through higher tax revenue was generated by municipalities from higher property values. However, TOD did not show evidence of attracting a better variety of retail establishments in the case study. The report concluded that private developers are ready to provide TOD to communities and for its full implementation, more coordination is needed with planners with respect to transit services, walkability, zoning changes and building code requirements (2014).

These recommendations were similar to those of Venner & Ecola (2007) in their assessment of the challenges of financing TOD. They concluded that local governments need to support developers by streamlining processes and creating a more predictable environment for TOD. One factor for their conclusion was a finding that established that zoning changes are only worth pursuing for developers if the return on the property or parcel of land will be substantial. This may be one of the reasons why major property owners justify increasing rents on both residential and commercial properties in the areas that eventually become gentrified, which leads to displacement. The paper cited that the lending process is highly institutionalized, and more so for mixed use developers (who would more likely be interested in TOD) as opposed to pure-play developers (2007). To alleviate these pressures, strategies such as cheaper building methods, partnerships and value engineering are utilized in the industry. Venner and Ecola ultimately predicted that TOD might turn into a real estate product, and that with more developments in the pipeline, it would be easier to derive comparable figures for financing and lending purposes. Considering the ability of financialized owners to package and manage various asset classes, it is

possible that TOD, or mixed-use development can be another asset class that developers can exploit. Alternatively, it is possible that TOD can serve as a means to an end for existing asset classes to generate returns for investors.

Niles & Nelson (1999) measured the success of TOD as it pertains to retail. The premise of their study was under the context that there is not enough evidence that analyzes the benefits highlighted by Calthorpe and TOD supporters to justify the cost of transit improvements required for TOD to be feasible. They also noted that TOD is possible without new transit. Empirical evidence shows that most cities build new transit in their TOD plans, and the transit comes before the land around it is restructured for use. This may be the result of the inherent risk of development, so developers aim to gather as much certainty as possible before investing into projects and commencing them. To combat this risk Niles and Nelson also suggest that the planning process needs to be optimized to reduce costs related to public investment in transit (1999), which was also a recommendation from both Noland et al (2014) and Venner & Ecola (2007). Niles & Nelson found that there is an improvement in performance of retail strip neighbourhood centres for ethnic dining experiences or antiques (1999). It is unclear if these experiences existed before TOD, or if they come in the form of boutiques similar to the model discussed by Zukin et al (2009). Nevertheless, Niles & Nelson conclude that it is difficult to prove that the investment in transit is leading to benefits that are targeted by state and federal governments who are disbursing these funds.

Another study related to retail and its relationship with TOD was conducted by Schuetz in the California context (2015). The main research question by Schuetz is the notion that TOD and new urbanism led to a stimulation of retail activity. The review found that in central areas, there is a decrease in retail activity but in suburban areas, there is more of a chance for retail

employment to increase with the addition of a rail line (2015). This outcome was unexpected for the planners involved in the project. Various factors led to these outcomes – saturation was already evident, there were high barriers to large development projects with high land costs being the most prominent, as well as land ownership issues. Additionally, it was also observed that people generally prefer to shop with a car rather than with a train. Where the study cites the higher potential for economic activity in suburbs that undergo rail expansion, warning is heeded by scholars to the downsides for investment in suburban areas (August & Walks, 2018; Rankin & Mclean, 2015) that would be attracted by rail expansion.

TOD had a lot of promise to be the next big thing to solve issues in American society through a revamp of the city (Carlton, 2009). Tools such as transit, better housing, mixed income neighborhoods, sustainability and stronger communities were the vision of Calthorpe and other TOD and New Urbanist supporters. In Carlton's assessment of TOD in America, criticism is laid upon the implementation of the model. Implementation has not really taken place, because free parking in desirable destinations is still an incentive to driving, pedestrian facilities are neglected, zoning and land use is not compatible to best marry residential and employment lands, and the transit itself that development is centred around is inadequate. In fact, Carlton argues that Calthorpe's projects were examples of a failure of TOD because transit was not extended to the areas that the projects were supposed to be built in. Evidence points to failures in implementing TOD, but strong support still exists for it, and this may be due to continued support for sustainable solutions to save the environment, regional coordination, and development guidelines (Carlton, 2009).

2.4.2 Critiques of TOD (Gentrification)

Emerging research in the scholarship further investigates gentrification as a negative effect of TOD. Amid the view among planning and policy professionals that TOD is the ultimate tool to solve urban issues such as traffic congestion, air pollution, and urban poverty, Dawkins & Moeckel question if policies are effective enough to protect low-income people from gentrification and housing affordability (2016). The scholars define transit gentrification as the increase in asset value due to a higher level of transit availability and the displacement of lower income people who would benefit from higher order transit (2016). Likewise, Revington & Townsend investigated the prospects for affordable rental housing on transit lines for the ability of tenants to access opportunities in the absence of a car (2016). A divergence of the critical narrative of TOD as it pertains to gentrification is that of Rayle, who argued that empirical studies found little evidence that gentrification causes displacement (2015). With that was the caveat however that traditional reviews of transit induced gentrification disregarded social displacement/psychological displacement that may lead to physical displacement, savings from transit with TOD, and TOD as a policy target (2015).

One case study in the Canadian context by Jones & Ley was very critical of the response to gentrification caused by TOD (2016). They argue that affordable housing is under threat in Canada because many tenants are losing access to housing subsidies, with no prospects for renewal. In lieu of renewing subsidies or increasing them, subnational governments in Canada, many under austerity regimes, are unable to find resources to maintain the subsidies to retain affordable housing units. Like the sell off of housing assets in Berlin (Fields & Uffer, 2016), the authors argue that TOD is a suburban expression of state-aided gentrification, because these assets that were apportioned for social housing are now available for private companies and

actors to redevelop (2016). They go on further to state that TOD is implicated in aggravating class and racial inequalities through its impact on housing markets, and that social sustainability is left behind for environmental sustainability (2016). It is interesting to note the similarities of this finding with the strategies that Rankin & Mclean (green and creative) (2015) and Power & Risager (greening) (2019) cite in their respective studies.

2.4.3 Proposed Solutions for Equitable TOD

Where scholars have pointed out the issues with transit-induced gentrification, others investigate the merits of policies utilized to curtail displacement (Soursourian, 2010; Pendall et al, 2012). Soursourian points to three tools utilized in Denver, Oakland and Minneapolis – TOD funds, non-profit developers, and community benefit agreements, respectively (2010). These tools, as Soursourian argues are evidence that the TOD model can lead to creative solutions to bring people together for various interests, such as an increase in jobs, housing, transportation, etc. Pendall et al’s research indicates similar themes – that, whenever possible, organization and alliances are formed to maximize benefits and minimize disruptions of TOD for equity seeking groups such as Black, Indigenous, and people of colour (2012). Soursourian maintains that there needs to be strong advocacy from the community and advocates for it to come to fruition and drive planning and implementation processes to be more equitable (2010). However, Pendall et al observed that these alliances are rare and typically not successful in the long run (2012). Their observations included a focus on trying to create the narrative for people to support TOD politically, especially where people would be most sensitive to TOD. However, in Miami, this connection was difficult to make with constituents and stakeholder groups that were intended to create alliances. The system fell apart because everyone thought they would get what they

wanted and support for rail failed, as well as TOD projects linked to the investment (2012). Pendall et al maintain that TOD can be useful so long as equity is embedded in the planning process. In fact, the authors express urgency in addressing this as more rail and growth expands to peripheries and threatens gentrification and displacement for people who can access cheaper housing and accessible retail in these areas.

2.5 Research Gaps – Financialization of Transit Oriented Development

This review of the literature provides an important foundation for understanding financialization, TOD, and how both may be used in tandem to further gentrification in cities. Various research gaps and questions arise from these different perspectives. One gap identified is the lack of insight into who is investing in TOD program areas – are these owners private, family-owned businesses or are they multinational institutional investors? And what are the implications of both types of owners being involved in these projects? Among financialized owners that are oriented in institutional structures, such as REITs, private equity firms, pension funds, etc., is it possible that these actors already view TOD as another asset class, or is it a strategy that serves to an end for existing asset classes under their management? And if it is a strategy, how often is it used in tandem with other well-known strategies that are utilized in the gentrification process?

Additionally, the interests of various stakeholders appear to be at odds with each other. How feasible is it to encourage investment while protecting the provision of housing, commercial space, and other amenities that existing residents along TOD corridors currently enjoy in a financialized world? With literature highlighting the role that the state plays in

aligning with private interests in some ways through entrepreneurial measures and decision making, how can transit be developed without these negative consequences that gentrification brings? Ultimately, I aim to explore these relationships to best understand how financialized owners engage with TOD for their own benefit.

3.0 Context

3.1 Transit-Oriented Development in Toronto

Transit Oriented Development is not new to Toronto and the Greater Toronto Area. The Province of Ontario has indicated that the development of Transit-Oriented Communities is a priority for its urban planning directives. The *Provincial Policy Statement*, 2020 encourages transit-supportive development in various sections of the document to address various goals of the government. These goals relate to building healthy and resilient communities, providing an appropriate range and mix of housing options, and combatting car-centric behaviours that reduce air quality and contribute to climate change (Provincial Policy Statement, 2020). Transit supportive is defined by the Province of Ontario as:

> In regard to land use patterns, means development that makes transit viable, optimizes investments in transit infrastructure, and improves the quality of the experience of using transit. It often refers to compact, mixed-use development that has a high level of employment and residential densities, including air rights development, in proximity to transit stations, corridors and associated elements within the transportation system. (Ministry of Municipal Affairs and Housing, 2020, page 52)

Of note, this plan is in alignment with the infrastructure mandate of the government, which focuses heavily on investments in higher-order transit in and around the GTA (Government of Ontario, 2019). As of writing, the Provincial Policy Statement was in the process of being recalibrated into a new proposed *Provincial Planning Statement* that would incorporate elements of the PPS as well as *A Place to Grow,* the Province's growth planning directive (Environmental Registry of Ontario, 2023). As it concerns TOD in Toronto, proposed policies would require land use

planning to be integrated with transit-supportive development (Ministry of Municipal Affairs and Housing, 2023).

Additionally, there is also new proposed directives on *Major Transit Station Areas*, which would be defined by the radius of 500 to 800 metres of a transit station. With minimum density targets for development in these areas set at 160 residents and jobs per hectare, this would further demonstrate the Province's mandate to encourage high density development around transit facilities, in the spirit of TOD (Ministry of Municipal Affairs and Housing, 2023). It is of note, however, that there are no proposed for the provision of affordable housing as part of these targets. As this legislation develops, there may be further amendments that will have an impact on TOD planning in Toronto, as new lines are completed.

This mandate is reflected in the City of Toronto's *Official Plan* and their focus on building mixed use communities in key city centres and along avenues through specific policies related to density targets, residential and economic growth, and city amenities that support the development around these transit facilities. Following the provincial directive, the language in the Official Plan highlights the need for transit-supportive development to be accompanied by measures that increase density and provide a mix of land uses (City of Toronto, 2022). These measures are designed to address issues that the City notes in various components of the built and natural environment.

At both levels of government, TOD is codified as the preferred approach to support investments in transit. It is highly touted to support both the City and the Province to achieve development related targets and goals that would justify the

amount of investment in projects like the Eglinton Crosstown LRT. In a sense, the City and Province have put an incredible amount of faith in this planning approach, which provides a unique opportunity to test the merits of TOD on a large scale.

3.2 The Eglinton Crosstown LRT

The Eglinton Crosstown LRT is one of the new transit lines being constructed in the City of Toronto. It is a 19-kilometre line with 25 stops that will provide higher order transit access along Eglinton Avenue, one of the city's busiest corridors. The Toronto Transit Commission (TTC) will operate the line once it is complete, with Metrolinx taking the lead on the construction of the project. It was initially expected to be completed in 2021 and is currently Canada's largest public transit infrastructure project under development. There are proposed extensions at both the east and west ends of the line, but various political dynamics are prohibiting the approval and/or delaying important milestones of these extensions.

Figure 3.1 – Eglinton Crosstown LRT Map. Source: Metrolinx.

Aside from the Eglinton Crosstown, there are other major transit projects in the city that are either in the planning stage, undergoing environmental assessments or currently being constructed. In the northwest area of the city, not far from the western terminus of the Eglinton Crosstown, the Finch West LRT is under construction. Like the Eglinton Crosstown, this new line is slated to increase higher order transit access in the northwest segment of the city. Further southeast, the Ontario Line (colloquially known as the Relief Line) is being planned and developed to provide another option for east travellers into the downtown core. This is to alleviate the ridership pressure that Line 2 - Bloor-Danforth is challenged by. The final major project that is in some meaningful stage of development is the Scarborough Subway extension. Arguably one of the most contentious infrastructure projects in Toronto's history, this project is

geared to replace the aging Scarborough RT by extending Line 2 to Scarborough Town Centre. There has been considerable discourse within the community regarding the project, with many believing it is too costly for the benefits it purports – including Metrolinx (Fox, 2020). Others argue that with an at-grade LRT system like the Crosstown, Finch West LRT and the current Scarborough RT, the extra funds from this less costly technology can be used to build a network of LRTs in Scarborough (Shephard, 2021). One of these projects that could be supported is Eglinton East LRT which would extend the Crosstown to the east end of Eglinton and further continue around East and North Scarborough. With Scarborough having a dearth of enhanced transit facilities compared to other areas in the city, many believe that the Scarborough Subway Extension does not do enough to solve this issue (Rieti, 2017).

Along with the Crosstown, the Finch West LRT is slated to serve many neighbourhoods that the city has "prioritized", officially known as Neighbourhood Improvement Areas (NIA). The Finch West LRT will serve seven of these neighbourhoods directly, while the Eglinton Crosstown will serve eight. These projects thus provide a useful case study for insight into the potential interest of financialized actors in the real estate industry to capitalize on TOD to meet their goals. Likewise, the effect that may have on residents, particularly those who are low income and racialized in these NIAs, should be analyzed.

3.3 York South Weston's Demographics

Ward 5 – York South Weston (YSW) is an important focus for the Eglinton Crosstown. The area will serve as the western terminus for the line. In future years if the line is extended further west, it will likely become a hub for the line along with the intersections of Allen Road

and Eglinton Avenue West (for which Eglinton West Station connects to Line 1), Yonge Street and Eglinton (for which Eglinton Station connects to Line 1), Eglinton and Don Mills Road (for which Science Centre Station will connect to the proposed Ontario Line), and Kennedy Road and Eglinton (for which Kennedy Station connects to Lines 2 and 3). Additionally, this area is of interest to developers and real estate enterprises due to the potential for cheaper real estate relative to other areas along the corridor and across the city at large.

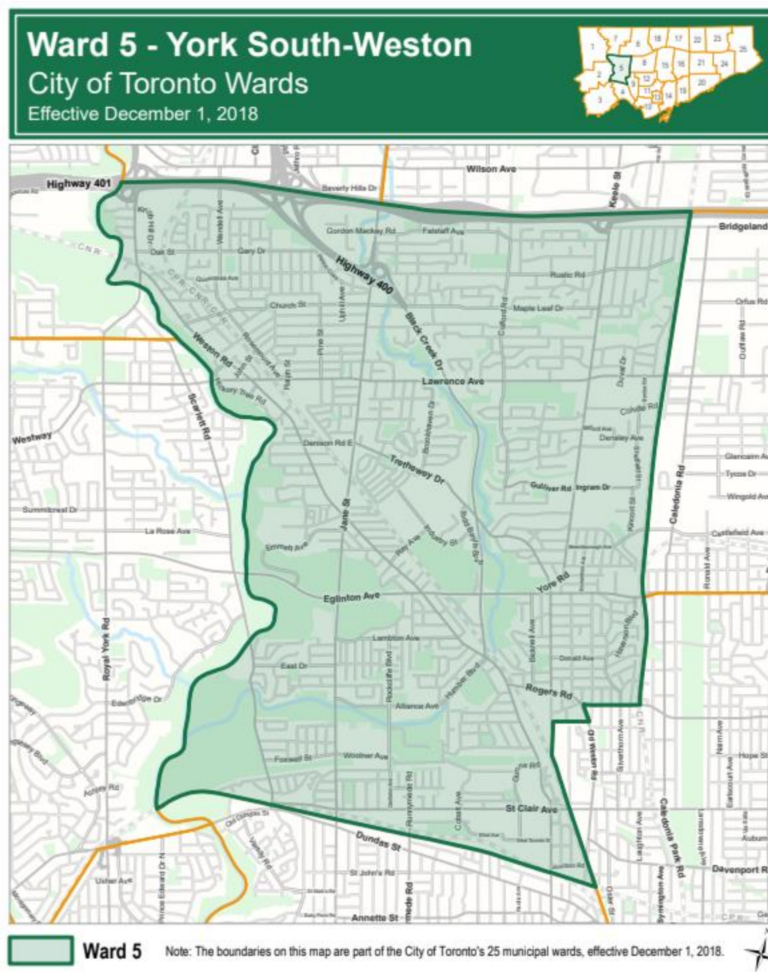

Figure 3.2 – York South Weston Ward Boundary. Source: City of Toronto

A demographic review of the ward provides many insights that are important to consider. In the ward, population has grown slower compared to the rest of the city (0.1% in YSW compared to 4.5% for Toronto between 2011-2016) (City of Toronto, 2018). It is possible that this is due to less growth in dwellings in the ward compared to the rest of the city. Within this figure, it is telling that only 5% of apartment stock in the Ward was developed between 2000-2016, compared to 26% within the city (City of Toronto. 2018). Recent development in the area has mostly been earmarked for single family homes, townhouses, duplexes, and other ground dwellings. Additionally, renters outnumber owners of households in the ward, with a 51% to 49% split compared to a city-wide split of 47% renters and 53% owners (City of Toronto, 2018). This indicates that York South Weston has a higher proportion of potential renters and thus, a larger pool of tenants to generate rental income from, compared to other areas in the city. As a result, financialized owners would stand to benefit from investment in this area, with a larger market of rental income to capture. Additionally, since this area has not experienced the intensity of the condo boom that other areas in Toronto have, these tenants are more likely to be consolidated to existing towers or apartment blocks, compared to a more fragmented market where tenants are renting from individual condo owners.

3.4 Social Conditions

Social factors in the ward are important to consider. York South Weston is generally working-class dominant and also has many immigrants. YSW has a slightly higher proportion of racialized people at 55% of the population being visible minorities compared to the 51% city-wide average. The ward has a higher youth and child population as well as senior population relative to the city, and with 61 seniors and youth per 100 people compared to a city-wide figure

of 55 to 100, the ward has a above-average level of dependents (City of Toronto, 2018). York South Weston has more single parent families compared to other city neighbourhoods (City of Toronto, 2018), more people in lower income brackets and a staggering proportion of residents receiving income from government aid programs compared to traditional employment (18% compared to city wide figures of 9%) (City of Toronto, 2018). Finally, almost half of residents spend 30% of more of their income on housing, indicating housing unaffordability (City of Toronto, 2018).

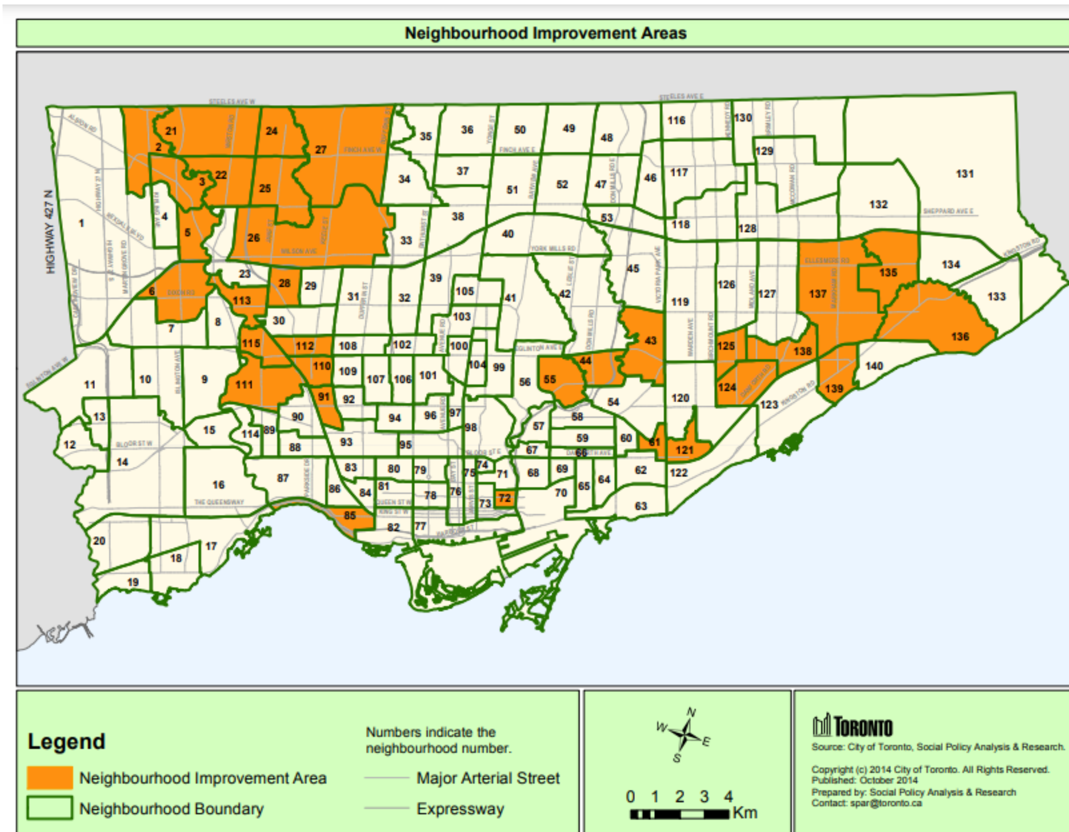

Figure 3.3 - Toronto Neighbourhood Improvement Areas. Source: City of Toronto, 2014

With these dynamics evident in the area, it is not surprising that many of the ward's ten neighbourhoods are considered NIAs. The NIA program is part of the Toronto Strong Neighbourhoods Strategy, which aims to improve neighbourhood conditions across the city for those areas given the title. In total, there are 31 NIAs across Toronto (City of Toronto, 2014). Six of these neighbourhoods are in YSW, and a seventh neighbourhood that borders the ward in the southeast is also an NIA. The only other Ward in the city with a higher concentration of NIA neighbourhoods is Humber River-Black Creek, which borders YSW to the north. There, where the Finch West LRT is currently being constructed, all but one neighbourhood is considered an NIA (that neighbourhood is split with YSW). While the transit investment is a welcome prospect for all stakeholders, including low-income residents and those with a vested interest in improving the neighbourhoods in question, the opportunity posed to financialized actors potentially contradicts the efforts to improve social conditions.

3.5 Activism in the community

YSW has seen increased levels of activism related to tenants' rights and other social issues. In November 2019, the York South Weston Tenant Union was formed by various tenant associations looking protect their rights to the affordable housing stock available in the area as well as educating tenants about these rights to combat rent increases and maintenance issues. (Delaire, 2020; York South Weston Tenants Union, n.d.). Other groups, such as Black Business and Professional Association, Reclaim, Rebuild Eg West and Black Urbanism TO are also focused on improving conditions for Black residents in trying to preserve the cultural institutions the ward has, expressed primarily through the Little Jamaica segment of the ward (Saba, 2020). The revitalization efforts brought forth by the Eglinton Crosstown LRT are driving a narrative

that it will be a boon to the area, but many are challenging that narrative and actively working towards more equity throughout the process.

3.6 Conclusions

YSW is set to experience a lot of change in the community with the new LRT's imminent arrival in the next few years. While this provides the city with a great opportunity to improve the area for its historically underserved residents, a higher order transit line running through the core of the Ward has and will continue to encourage increased investment. Improvements are not in themselves an issue, but the presence of investors that are oriented to serve their shareholders first and foremost means that those most vulnerable in the community may be further pushed to the margins. This area currently has an extremely high concentration of NIAs, indicating that even the municipal government recognizes there must be equitable enhancements across the board to support residents in these communities.

With land and rents being relatively affordable in the area compared to the rest of Toronto, it is possible that these social conditions may be worsened if existing residents, enterprises, and organizations are not equitably involved in the transformation of the Ward as it grows with the new LRT. This is evident to the community, which has seen a lot of organizing against financialized landlords and developers to protect tenant rights in the ward. The resistance appears to have influenced the local Councillor in the area, Frances Nunziata, who has voted more in favour for progressive measures and protection of tenant rights than in previous terms. Nevertheless, what can be established about the Ward is that it is underserved, perhaps underutilized, and full of potential. The question is, does it appear that this contextual framework

will be used to support existing residents in a progressive manner, through increased affordable housing, meaningful and gainful employment opportunities, and a more favourable environment for small businesses? Or will it serve as the foundation for Toronto's latest site of financialized driven gentrification fueled by return-oriented investors?

4.0 Methodology

4.1 Introduction

In this section, I describe the process utilized to identify properties in a neighbourhood or Ward within the City of Toronto. My research questions supported a direction that allowed me to employ a quantitative approach to determine land ownership in York South Weston, as well as information related to the properties and investors to determine the intent of the projects under review. This also allowed me to explore the relationship between financialization and transit-oriented development. To conduct this quantitative approach, I used data analysis as well as document analysis based on the information gathered in the data analysis process. Below, I outline details related to data extraction, document and literature selection, analysis, and ethical considerations.

4.2 Case Study Selection

York South Weston was selected as the case study for TOD because of its importance for the Eglinton Crosstown LRT, as well as the social dynamics of the Ward compared to other Wards along the line. There are various wards in Toronto that are undergoing extensive transformations because of the investment in transit in the area, however York South Weston is one of the few that fits the profile of an area that TOD in theory is best able to serve. Issues related to car-centricity, poverty, employment opportunities, and housing precarity are not unique to YSW, but given that most of the Ward is considered priority by the City of Toronto through the NIA program, the LRT has been touted as important for the revitalization of the Ward. Another ward that fit the profile adequately was Humber-River Black Creek, but because the Finch West LRT has not developed

as far as Eglinton Crosstown has, development activity similarly has not progressed as quickly as it has along Eglinton. Some projects on Eglinton are already completed or due to be completed around the same time the LRT is completed, which allows for a better snapshot of the timeline of development activity in the ward as the transit line has been developed.

4.3 Research Approach

The research approach undertaken includes both quantitative and qualitative components. This involved utilizing data and analyzing it to develop a theory related to the relationship between TOD and financialization. In doing this, a more rigid design and objective approach was applied to the analysis of the information available. This led to a positivist framework from which observable outcomes from the actions of financialized owners could be deduced.

In choosing a quantitative approach, I aimed to apply a more uncommon pathway to developing a theory on the relationship between financialization, TOD, and gentrification. There have been some studies conducted that have taken a quantitative approach, however many studies in this space have leaned towards a more mixed or qualitative approach. I considered a qualitative approach or component to this work but decided that I would like to look at each property under similar parameters to best determine the insights into financialization and TOD that could allow for a deeper understanding of this relationship. As a result, I focused on reviewing development applications, the ownership of said developments, and their proximities to new transit stops along the LRT to determine the relationship between development and TOD, as well as the potential for financialized actors to be more prevalent in development activity in these areas. Additionally, a review of qualitative document analysis from sources related to the developments in question

helped to form critical narratives regarding the developments, TOD, and the owners involved in the transformation of YSW.

In a future iteration of this study, being able to include the perspective of residents or other community members through participant interviews, focus groups, or key informant discussions could provide an additional perspective that the quantitative information may not always capture. However, to best capture dynamics such as strategies utilized by financialized owners, the change in land ownership in the Ward, and the makeup of land use in the area, a quantitative approach is best suited to facilitate this development.

4.4 Research Methods

4.4.1 Property Information and Data Collection

My study centred around the creation of a database of the various properties in York South Weston that was based on information available on the city of Toronto's Development Application website on May 26, 2020. The information pulled was utilized to determine various trends and gather insights into the development activity in the area amidst the construction of the Eglinton Crosstown LRT. The City of Toronto's Application Information Centre (City of Toronto, 2021) provides information on all developments in the City. From there, I manipulated the database to provide information for applications within the Etobicoke-York planning district, for which developments in York South Weston are under the jurisdiction of. Once the Etobicoke York applications were listed, I did a similar process to provide information solely for York South Weston applications.

Initially, once all the properties in the ward were listed, I reviewed the locations of applications within a radius of one kilometre from Eglinton Avenue, which serves as the de-facto distance that planners tend to reference when considering the "last-mile problem". However, I decided to review all applications in the Ward because Toronto's transit system tends to function in a way major corridors that have bus routes feed into higher order transit lines, such as the subway. It is anticipated that Line 5, being the second city-wide east-west corridor with higher order transit, will be fed by many major buses such as those on Keele Street, Jane Street, Weston Road, and travellers on Lawrence Road who may connect to those previous three north-south corridors to access Line 5. Future analysis of the line and the use of a different boundary, such as expanding the research area to the larger former municipality of York, may provide additional insights.

Once all the properties were defined, I collected the information of Applications with the following main attributes:

- Application Number
- Property Address
- Date of Submission of the Application
- Application Type

After reviewing this initial information, I decided to recreate the database to gather more information to gain further insights into the applications and their relationships with the new transit line. These additional metrics were the following:

- Status of Application
- Status date (if applicable)
- Purpose of Application
- Land Owner
- Agent

- Proposed Use
- # of storeys under development
- # of units under development

In addition to the data gathered for planning applications, I also gathered information related to Minor Variances, Applications of Consent, or applications that involve both, that have progressed to the Toronto Local Appeal Body (TLAB), gathering the following information:

- Property address
- Date submitted
- Application number
- Status
- Classification
- Purpose of application

Once these details were gathered, I completed additional information in the database that was not adequately listed in the Application Information Centre that confirmed landowners, agents, owner signatories, and the location of owners after reviewing each of the standardized application forms that were submitted to the City for the properties in question.

4.4.2 Database Notes

There were various considerations during the data collection phase that led to changes to the study, as discussed below.

Planning Applications vs Minor Variances

After reviewing a sample of properties in each segment of applications in the database, I decided that it would be more useful to review Planning Applications for the purpose of this study instead of Minor Variances. Planning Applications typically involve developments that require an

amendment to the Official Plan or another significant consideration of the City's planning framework, or a Site Plan. Minor Variances generally involve less material changes to property that are less due to factors related to the construction of a new transit line, but others that are not for consideration in this study. This allowed me to focus on properties that were more likely to be targeted and developed by larger developers and owners because of the new LRT. However, it is possible that Minor Variance applications in YSW would be more likely than in other areas to be driven by LRT development. This could serve as an additional area for further study, especially to gather insights into the actions of Individual, "mom and pop" style and/or smaller scale property owners and developers.

Planning Applications

There were 94 application listings classified as Planning Applications as of May 26, 2020 in the York South Weston ward. Of these 94 listings, there were 58 unique addresses associated with Planning Application developments in the ward. The reason for multiple applications is because of the type of application filed. Some developments have as many as four applications filed for various reasons. The different types of applications are as follows:

- Site Plan Approval
- Condominium Approval
- Rezoning
- Subdivision Approval
- Official Plan Amendment

Additionally, 14 of these listings (from eight unique addresses) were in the TLAB process, which meant that even if there was a previous listing before its appeal stage, another listing was added to the database.

Each of the properties in the database were given a status except for one that was in the TLAB process. The various stages of the planning process include (information coming from the City of Toronto's Planning and Development Glossary of Terms)[1]:

- Application Received – the application was submitted to City Planning for their review
- Under Review – City Planning is in the process of reviewing the application as necessary to ensure everything has been covered. If there are multiple applications, this "Combined Application" will be done concurrently. Additionally, within two meeting cycles of submission, all applications are presented to Community Council for review and direction through a Preliminary Report. This allows any early concerns to be raised and discussed and also gives expectation as to when a final report to Council will occur.
- Draft Plan Approved – A stage of the Plan of Subdivision/Condominium process, where the plan is approved by the approval authority, subject to conditions being satisfied. Draft approval precedes final approval and registration of the plan on the title of the lands to which the application applies.
- NOAC Issued - This is the first of the two-stage site plan approval process for the City of Toronto. Once the City is satisfied with the application and the studies and reports submitted in support of the application, the Notice of Approval Conditions, setting out all pre- and post-approval conditions to be satisfied, is sent to the applicant. All pre-approval conditions must be met before Final Site Plan Approval (second stage of approval) is granted. Previous site plan agreements or site plan undertakings may be amended or released from title as a condition of the approval for any new proposal.
- OMB/LPAT Appeal - The Local Planning Appeal Tribunal (LPAT) is an adjudicative tribunal that hears cases in relation to a range of municipal planning, financial and land matters. These include matters such as official plans, zoning by-laws, subdivision plans, consents and minor variances, land compensations, development charges, electoral ward boundaries, municipal finances, aggregate resources, and other issues assigned by numerous Ontario statutes.
- Final Approval Completed - The approval of the Plan of Subdivision/Condominium by the approval authority following the satisfactory fulfillment of all the conditions of draft

[1] Link - https://www.toronto.ca/city-government/planning-development/application-forms-fees/building-toronto-together-a-development-guide/glossary-of-terms/

approval. Final approval is necessary to permit the registration of the plan on the title of the lands to which it applies.

- Council Approved - The Final Report prepared by Planning staff for Community Council that contains recommendations on an application. Council must adopt these recommendations or make any amendments as necessary that will then provide as the direction for approval of the application,
- Closed – Once all the steps above are completed, the application is deemed to be closed as necessary.
- Withdrawn – the applicant decides to withdraw their application.
- Appeal Received – an appeal has been received by TLAB. These are typically for items that are sent to the Committee of Adjustment. It is noted that TLAB cannot be appealed to for planning related items (Official Plan Amendment, Zoning By-Law Amendments, and Site Plans)
- Hearing Scheduled (TLAB) – A hearing has been scheduled for the appeal.
- New Hearing Date (TLAB) – a new hearing has been scheduled for the appeal.
- Decision Issued (TLAB) – TLAB has reached a decision on the item that was marked for appeal.

Very few of these listings had status dates, which were often not informative especially if another application was made for the property at a future date.

Purposes of Applications

The applications each had a purpose that explained what the application intended to accomplish. Some were quite descriptive and explained the mix of uses that were slated for development, the number of units being created and other pertinent details such as the history of the land. There were some listings that did not have a description provided. Intuitively, for applications that were “combined” (multiple types of applications filed for the same property), the purpose of the application was the same.

Land Owners, Classification, Signatories and Agents

Each application had or is required to have a form that provides basic details of the application and other information such as the owners of the properties, their agents, and any other signatories that are on file for the property. Landowners were determined by either an explicit recognition of their name on the application form, or by tracing the signatory to the entity they are representing. The names of the land owners are listed in Appendix 1". These owners were then classified into various classifications, based on the nature of the entity in question. The segments utilized were the following:

Owner Classification	**Description**
Education	School Boards
Private (unknown)	private ownership but unclear what the orientation of the entity is
Healthcare	healthcare institutions
TTC Station	properties that are to be built as stations for the Line 5 – Eglinton Crosstown
Private Equity	firms engaged in financial transactions related to real estate, but backed by private finance as opposed to publicly held equity (REITs)
Consortium	a group of individuals/owners
REIT	real estate investment trusts, publicly available to investors
Development Company	organization geared solely towards development. May or may not partner with other types of organizations
Development Company (family owned)	the same as the above, except there was an explicit recognition that it was a family-owned company (others may or may not be backed financially through other avenues)
Alternative Housing	Entities strictly developing non-market rate housing options, such as religious or co-ops
Affordable Housing	Entities *explicitly* stating that they are developing 100% of the units at affordable rates
Individual	Names on the form were tied to individual owners
Property Management	Company orientation is geared towards managing numerous units/properties

Religious	Religious groups or institutions (churches, mosques, temples, etc). These applications did not include housing that was centred on religious principles by the owner.
Unidentified (if no information was provided/available)	There was no information or documents available to search property ownership information. As a result, the owners are unidentified.

Finally, these applications for the most part had owner signatories, as well as agents who serve as a liaison between the owner and the city. The agents were either planners or architectures, or lawyers. Some properties also had individuals listed, but I was unable to tie them to any traditional form of development agency (planning, architecture, legal, project management, etc.).

Proposed Use

The proposed use for the applications was listed as part of the basic details in the database. Various uses noted were the following:

- Non-Residential
- Residential
- Commercial
- Institutional
- Mixed
- Industrial
- Addition

There were some inconsistencies in the classifications provided. For example, some lands earmarked for development for educational owners that were clearly for educational/institutional use were classified as Non-residential, whereas others were classified as institutional. Additionally, some properties that were mixed were not adequately classified as such.

Storeys and Units

These figures were provided in the database by the city. Again, there were some consistencies here – not all listed the number of storeys being developed, or they were buried in the description of the application.

4.5 Data Analysis

Upon the completion of the database, I began the data analysis process looking at metrics related to the ownership of properties in the ward, the volume of development, distances to the station based on ownership type, proposed uses and the number of units. This exercise was important to understanding and determining the presence of each type of owner in the Ward, as well as the potential for their projects to be anchored to the LRT, especially owners of a more financialized and/or profit seeking orientation were more heavily involved in developments in and around the LRT than other types of owners.

Additionally, for each development application and developer that was listed in the database, I reviewed all information available on the projects, and the owner, to better understand the orientation of the owner and any additional intentions for their projects as necessary. This allowed for the narrative on the intention of these owners to be analyzed further. The availability of information for these projects and owners largely depended on the project in question, the size and presence of the owner, and the visibility of the project in media and in the community. Information on company leadership and in the case of individual owners, information about their involvement in projects and in real estate, was also gathered and reviewed. The types of documents that were reviewed and sourced include publicly available investor documents, company websites,

development forums, public record information such as City of Toronto meeting minutes and staff reports, and local news articles.

4.6 Measures of Validity and Limitations

Due to the inconsistencies in the Application Information Centre, there was more manual information gathering than originally anticipated. All the information gathered was confirmed by reviewing the documents provided in the application, but it is possible that there may be some errors in reporting. An additional limitation was the scope of the project. Ideally, I would have liked to also review Humber River Black Creek's ward development applications to see if some of the trends and findings in York South Weston were happening in more areas of the city where transit expansion is occurring. While the two wards do border, and HRBC is part of the same community council as YSW, it is a part of North York, and has some key differences in demographics that would potentially make this study more nuanced for a city-wide perspective. Nevertheless, in the future it is possible that the model I am developing can be extended to other areas of the city for further review and to discern similarities and differences between the YSW experience when it comes to TOD compared to other areas of the city, such as the downtown core, Scarborough, etc.

One consideration that I would have liked to capture in the process but was unable to due to the scope of the project was the classification of the missing middle. I could have also refined the "last mile" consideration by replacing the distance to the closest station to the distance to the closest bus station. The ward is serviced by various high-volume bus and Streetcar corridors (Jane St, Weston Rd, Lawrence Avenue, St Clair Ave, Keele St) that will all be restructured to best

facilitate the new LRT line. Jane St has plans for a dedicated bus lane to be implemented by Spring 2021. Because of this, property owners may also justify development in this area even if it is further away from the stations directly, especially along the Jane corridor.

Finally, another notable limitation was also the availability of information on the project and on the owners. As mentioned earlier, some owners and projects had copious amounts of information available, typically if the company was publicly listed on a financial market, an institution, or involved in municipal or provincial government programs. Properties that were linked with more private ownership structures or individuals lacked information that would better help explain the relationship between ownership intentions around TOD. While it may have been possible to potentially gather more information through additional means such as FOI requests or even interviews with these owners, cost and time proved to be prohibitive factors for expanding the information gathering process to include these measures.

4.7 Ethical Considerations

This study did not rely on insight from key informants or any interviews. All the data and information gathered was obtained from public sources, including the City of Toronto's Development Application Website, the websites and pages of these publicly listed land owners, and any literature available for these projects and land owners. As a result, I did not require an ethical clearance from the University of Waterloo Research Ethics Committee to conduct this study. For future studies that would aim to take a mixed methods approach and gather qualitative information from key informants including residents, land owners, planners, or project managers involved in these projects, I would seek to obtain ethical clearance because of the risk that a lack

of confidentiality and informed consent might have on participants. Some negative impacts could potentially be a loss of employment or issues between residents and landlords if information provided by either party is not managed and maintained properly.

5.0 Findings

5.1 Ownership Prevalence

Of the various types of owners identified in the database, it was noted that 75% were confirmed to be private owners. Among this main group of private owners of properties, over 42% were identified to be financialized. Owners in this category are Private Equity firms, Development companies, REITs, and Property management companies. Private equity firms and development companies make up the bulk of this share, with both subgroups responsible for over 19% and 17% of development in the ward respectively.

Private owners that are not of a financialized orientation make up approximately 33% of the development of the ward. In this main group, the entities that make up this share consist of private companies in which information about their structure is unavailable. It is possible that some of these organizations, the majority of which are numbered companies, may be financialized in nature. Two of the properties are owned by consortiums of individuals. Together with financialized owners, private entities dominate the transformation of York South Weston.

Table 1 Proportion of Developments by Ownership Type - Main Grouping

Ownership Type	Number of Developments	Share of Development Activity
Private - Financialized	22	42.31%
Private	17	32.69%
Education	5	9.62%
Individual	4	7.69%
Religious	2	3.85%
Affordable Housing	1	1.92%
Healthcare	1	1.92%
Grand Total	**52**	**100.00%**

Table 2 - Proportion of Developments by Ownership Type - Sub Grouping		
Ownership Type	**Number of Developments**	**Share of Development Activity**
Private (unknown)	15	28.85%
Private Equity	10	19.23%
Development Company	8	15.38%
Education	5	9.62%
Individual	4	7.69%
Consortium	2	3.85%
REIT	2	3.85%
Religious	2	3.85%
Alternative Housing	1	1.92%
Development Company (family owned)	1	1.92%
Healthcare	1	1.92%
Property Management	1	1.92%
Grand Total	**52**	**100.00%**

There are a few points of note from these findings. While private owners in theory can still provide some of the benefits that TOD espouses, as well as the needs of the community regarding affordable housing and amenities, their motivations will mainly be focused on profit. As a result, their decisions will also be mainly driven with the aim to generate the maximum amount of revenues at the lowest cost. It is telling that only one property owner is providing some sort of alternative housing arrangement. The property owner is Humber Co-op Development Corporation and Options for Homes. The project, "The Humber" purports to offer an affordable homeownership program through down-payment support – often a large barrier to entry for many prospective homeowners. Other than this project that is being spearheaded by a non-profit company, there is no other project in the ward that is geared towards affordable housing. And even with consideration to The Humber, there is no project in the ward that aims to provide affordable housing in the form of purpose-built rentals. Private developers are being called to shoulder the development of affordable housing options which tends to be uninspiring, as discussed in Chapter 6.

5.2 Volume of Development

While the classification of owners is a good indicator to understand the level of activity in the area by financialized and profit-seeking owners, it is important to note the volume of land each of these owners have under management and in the development pipeline. The lots in the ward vary in size, depth, and overall development potential.

When looking at the main classification of owners, private owners of a financialized orientation dominate the volume of development in the ward. Almost half of the 712,518 m^2 of development activity in York South Weston is under the ownership of financialized owners. Private owners that are not identified as financialized also dominate the share of volume, with 40%. In total, almost 90% of development in the ward is being managed by non-public entities.

A drill down of the ownership groups reveals further insights. private equity comes on top with the highest combined volume of development land. Of the area under development in York South Weston (as of May 26, 2020), 240,148m^2 – a total of approximately 34% - is being developed by private equity owners. A further 237,430 m^2 is being developed by other private owners, which was the second highest volume of owners in the ward. Two other owner types in the top five, development companies and consortiums, each have 93,507 and 41,108 m^2 of development in process, respectively. This total amount of 612,914 m^2 up for development represents approximately 86% of development activity in the ward, although together, they share 61.22% of the developments (as of May 26, 2020). Inherently, there is an unequal distribution of development, particularly with private equity owners.

Table 3 - Ownership type by sum of square footage of development in the Ward - Main Group				
Ownership Type	**Number of Developments**	**Share of Developments**	**Sum of Sq M**	**Share of Sq M**
Private - Financialized	20	41.67%	345,789	48.53%
Private	15	31.25%	284,605	39.94%
Healthcare	1	2.08%	54,033	7.58%
Affordable Housing	2	4.17%	18,619	2.61%
Education	4	8.33%	6,615	0.93%
Religious	2	4.17%	1,529	0.21%
Individual	4	8.33%	1,328	0.19%
Total	**48**	**100.00%**	**712,518**	**100.00%**

Table 4 - Ownership type by sum of square footage of development in the Ward - Sub Group				
Ownership Type	**Number of Developments**	**Share of Developments**	**Sum of Sq M**	**Share of Sq M**
Private Equity	9	18.37%	240,149	33.68%
Private (unknown)	12	24.49%	237,431	33.30%
Development Company	7	14.29%	93,507	13.11%
Healthcare	1	2.04%	54,033	7.58%
Consortium	2	4.08%	41,108	5.76%
Alternative Housing	2	4.08%	18,619	2.61%
Property Management	1	2.04%	7,789	1.09%
Education	4	8.16%	6,615	0.93%
Private (Open Door)	1	2.04%	6,066	0.85%
Development Company (family owned)	1	2.04%	2,423	0.34%
REIT	2	4.08%	1,922	0.27%
Religious	2	4.08%	1,529	0.21%
Individual	4	8.16%	1,328	0.19%
Unidentified	1	2.04%	570	0.08%
Grand Total	**49**	**100.00%**	**713,088**	**100.00%**

The same trends exist when analyzing housing and residential units. Of the 51 housing developments in the ward, 51% of those developments are under the ownership of financialized owners, and 56% of the units in the ward are in that pipeline. Even private owners without a financialized orientation, while also dominating development activity, are materially below the mark in comparison to units that are owned by financialized entities.

Table 5 - Developments by Number of Residential Units being Developed - Main Group					
Ownership Type	**Number of Developments**	**Proportion of Developments**	**Total amount of Units**	**Proportion of Units**	**Average Units per Development**
Private - Financialized	26	50.98%	4,869	56.00%	187
Private	23	45.10%	3,360	38.64%	146
Affordable Housing	2	3.92%	466	5.36%	233
Total	**51**	**100.00%**	**8,695**	**100.00%**	**170**

Table 6 - Developments by Number of Residential Units being Developed - Sub Group					
Ownership Type	**Number of Developments**	**Proportion of Developments**	**Total amount of Units**	**Proportion of Units**	**Average Units per Development**
Private Equity	11	20.00%	3,211	35.97%	292
Private (unknown)	21	38.18%	2,770	31.03%	132
Development Company	12	21.82%	1,452	16.26%	121
Consortium	2	3.64%	590	6.61%	295
Alternative Housing	2	3.64%	466	5.22%	233
Unidentified	4	7.27%	233	2.61%	58
Property Management	1	1.82%	110	1.23%	110
Development Company (family owned)	2	3.64%	96	1.08%	48
Grand Total	**55**	**100%**	**8,928**	**100%**	**162**

Of the financialized owners, private equity owners control a substantial number of units under development in the ward. Although they own just under 20% of the developments, the number of units under their share is more than double that proportion, at 36%. Only Consortium development owners manage more units being developed per property owned, and this is only with respect to two lots which likely skews the average higher. Private equity owners are seeking properties and lots with massive revenue potential because on average each property has almost 300 units under development. This contrasts with Development companies, who average 121 units per development and the Development companies that are family-owned average even less at 48 units per property.

There are significant investments being made by private investors of all kinds, especially from private equity and other owners with financialized structures. With transit investments being made in the area from both the TTC and Metrolinx, coupled with some areas of the ward that have vacant or obsolete land from previous industrial and employment uses, investors see this area as favourable for investment purposes. It is not a surprise that this has manifested into most of the ward's projects being developed by financialized owners.

5.3 Distance from Stations

Another insight gathered was the average distance of the properties in question to the closest station on the Line 5 – Eglinton Crosstown LRT line. I calculated the distances of each property to each station in the ward, and then noted the station which was closest to each of the properties. Then, I took an average of these distances by ownership type and calculated the average in proximity among the ownership type. Finally, I ranked these groups based on their average proximity to the closest station. The following table is a result of this process:

Table 7 - Average to Lowest Distance to stations of Developments by Owner type - Main Group

Ownership Type	Average of Lowest Distance (in Kilometres)
Private	1.59
Healthcare	1.98
Private - Financialized	2.18
Religious	2.23
Education	2.25
Affordable Housing	2.44
Individual	2.68
Grand Total	**2.03**

Table 8 - Average to Lowest Distance to stations of Developments by Owner type - Sub Group

Ownership Type	Average of Lowest Distance (in Kilometres)
Consortium	0.70
REIT	1.27
Private (unknown)	1.71
Healthcare	1.98
Private Equity	1.98
Religious	2.23
Education	2.25
Development Company	2.26
Alternative Housing	2.44
Individual	2.68
Development Company (family owned)	3.39
Property Management	4.04
Grand Total	**2.03**

Of the top five ownership types identified in the area, all of which have an average station proximity of under 2 kilometers (this is just above one mile and thus, a suitable reference point for the last mile problem in which TOD aims to fix), four of these groups are suited to private ownership. REITs and private equity owners are in this group, with more potential private equity owners that were not identifiable during the data collection process. This indicates that financialized owners are more active in developments that are closer to transit stations.

5.4 Proposed Use

Almost half of the properties in the dataset are residential developments (42 applications). The same proportion of properties are earmarked for Mixed, Non-residential, commercial, and industrial uses (42 applications). The number of mixed-use properties of 14 is a notable number, as well as commercial uses being at 10. However, these figures would ideally be best compared to either another area on the line, or to historical development patterns within the ward itself to be able to best determine if these phenomena is due to the presence of the new LRT line.

Table 9 - Developments by Development Type

Ownership Type	Number of Developments	Proportion of Development Activity
Residential	42	44.68%
Mixed	14	14.89%
Non-Residential	14	14.89%
Commercial	10	10.64%
Industrial	4	4.26%
Institutional	4	4.26%
Addition	3	3.19%
TTC	1	1.06%
Religious	1	1.06%
Gas Station	1	1.06%
Grand Total	**94**	**100.00%**

5.5 Considerations for Future Study

5.5.1 Lobbying Activity

An additional lens that can be applied to this analysis is the level of lobbying activity that occurred in the ward during the development phase or the LRT line. This would be done by reviewing the lobbyist registry to see if any of the properties are owned or represented by individuals who have actively lobbied the city for its approval or any other considerations. Some other concessions that property owners and developers could be seeking would be deviations from city or provincial mandates regarding development and Transit Oriented Development in particular, or smaller yet important community aspects to the development such as the allocation of resources for Section 37 projects and obligations. Ideally, with more capacity, a review would identify patterns that help to analyze if developers and property owners belonging to a certain ownership classification might be more inclined to lobby government as part of the development process.

5.5.2 Proximity to Bus Stations vs. Transit Stations

While my analysis of development in proximity to the LRT stations explains the use of the last-mile that often is seen as an asset and marketed as such for development along higher-order transit lines, with more capacity, this analysis can be furthered by replacing the distance of the property to the closest bus station. This is because generally, Toronto's subway and RT system is served by several bus routes that operate on the major arteries and roads in the city. A substantial amount of TTC riders use the bus for part of their trips (English, 2019). York South Weston is serviced by various high-volume bus and streetcar corridors, including Jane Street,

Weston Road, Lawrence Avenue, St. Clair Avenue and Keele Street. Many of these corridors have plans to be restructured to best facilitate the volume of riders that will utilize Eglinton upon completion, which is currently serviced by bus (Toronto Transit Commission, 2022). The City of Toronto planned to implement a dedicated bus lane on Jane Street by Spring of 2021 (Toronto Transit Commission, 2020). However, unlike Eglinton Avenue East, which quickly saw bus lanes implemented as part of RapidTO in 2020, the Jane bus lanes are still being studied and due for public consultation in 2023. As a result, it is possible that property owners may also justify development in the area even if it is further away from the stations directly – particular along the Jane corridor.

6.0 Discussion

This chapter takes a closer look at the developments to understand the plans and motivations of firms investing in the projects around Eglinton in York South Weston. Drawing on primarily qualitative data, this chapter focuses on five key themes. First, I explore the form of the developments as it pertains to the planning concept of "the missing middle". I discuss the polarization of high-density commercial development and low-density residential projects, which perpetuates the "missing middle" issue. In section 6.2, the few affordable housing projects in the study area are evaluated. I show that they lack the inspiration and tact that is required to solve the housing affordability issues in the area, particularly with the knowledge that the new transit line will likely exacerbate the issue. Thereafter, in section 6.3 the presence of institutional investment is investigated further, and I discuss the various players and the strategies that they have employed to maximize profits from development along the corridor. Section 6.4 then goes on to study the idea that property owners view the transit line as an asset in which value can be extracted for their ultimate benefit, at the expense of current and prospective residents.

6.1 - "The Missing Middle is still Missing"

This influx of transit investment is leading to an intensification of land uses along the corridor. Most of the development proposals in York South Weston do not aim to solve the "missing middle" problem that the City of Toronto is trying to find solutions for. This problem identifies that there is a lack of diverse housing options for residents. The current housing stock in Toronto is made up primarily of large towers or low-density housing options, with few other options available at a reasonable volume (Evenson et al, 2020). Other options, such as mid-rise

apartments, multiplexes, townhouses, or even more innovative solutions such as laneway suites are a minority in total when considering the number of dwellings available compared to single or semi-detached homes and high-rise apartments.

Many of the development projects in York South Weston take the form of mega projects with hundreds of units in large towers. Many are being spearheaded by financialized, institutional investment firms. However, there are developments that further entrench the lands around the future LRT corridor to lower density land uses. As a result, this leads to a failure to capitalize on the opportunity that the corridor provides when transit in the area is transformed to a higher order. While the super-project developments are part and parcel of TOD projects in Toronto, it is puzzling to see that even with an increased discourse on the imbalance of housing options (Millar, 2021) in the city, that single-family dwellings are still a viable option for development along the Eglinton West corridor.

It may be the case that limitations and legitimate barriers to larger-scale development are forcing the hand of developers to build smaller scale projects. This may also influence them in focusing on housing consumers who aim to own their homes, which will allow them to expedite their return on investment in a project so long as they can sell the units. The other option is to try to build smaller scale purpose-built rentals, or an alternative form of development such as a midrise condo project, but both options provide additional challenges and costs that a property owner may not be willing to deal with over the long term. Additionally, building condominiums are more lucrative than building purpose built rental units (Grisdale and Walks, 2022). In fact, the Building Industry and Land Development Association (BILD), a prominent development and construction lobby group in the Greater Toronto Area, discuss the economics of the decision to build condominiums over purpose-built housing and illustrate through pro-forma analysis why

condo developments are more profitable than purpose-built rentals in the case of a large 400 unit project (BILD and FRPO, 2023).

One such property that highlights this problem is near Caledonia Station. Located at 2421 Eglinton Avenue, this project that has been submitted by Nobility Homes (2578616 Ontario Inc), a private developer that offers architectural design and custom home building services. The square footage of the development in total is 901.57m^2. This property is less than a quarter of a kilometre from a station along the line, which makes it a prime candidate for some form of mixed-use development, with ample amount of housing for the people who would live close to the station. Instead, this parcel of land that is currently-zoned as light industrial is slated for just *seven* four storey townhomes – a very low-density project. Under the missing middle framework, this project does not go far enough to provide an ample number of options aside from lower density housing.

Across the street from this project, a small strip mall is due for intensification and up-zoning – which have been reflected in proposals for the land. As a result, there is little justification that something more than seven single family dwellings would be inappropriate for this property in question. Comments on the project and the lot it is being developed on indicate that perhaps, the depth of the lot and the grading of the land surrounding the property make it difficult to intensify the land more than already proposed (Urbantoronto, 2020). But if seven four-storey dwellings can be produced, the potential for 14 two-storey duplexes, or a small three or four storey purpose-built apartment building is evidently apparent also. This development proposal is still under review after its original application date of January 30, 2019, with community consultations delayed due to the COVID-19 pandemic and stay at home orders in effect during the originally planned date.

A few other low density development proposals demonstrate the intent of developers to generate profit or try to reach a specific type of housing consumer. The “hip, urban, quality affordable” housing is the focus for another property in the ward, delivered by First Avenue Property Management. This is a family-owned construction and building management business with a “substantial portfolio of projects which covers various types of construction and building management in the GTA.” (First Avenue Developments, 2021). WTowns, the project in question at 2059 Weston Road, calls for three storey town homes to be built which have three bedrooms and a den, and an open concept living space. Marketing documents from the developer also note their focus on providing the most value per square foot, which indicates a motivation to maximize returns either for their investors, or people who are purchasing the homes not just as a housing option but as an investment - or solely as such (NextHome, n.d.).

The most egregious proposal in terms of low-density development calls for *twelve* single family dwellings to be built not far from the site of WTowns. Located at 2179 Weston Road is the site of a project from Modeno Homes, which is a developer that focuses on small to medium sized projects for townhomes, semi-detached and detached houses. Like WTowns, the developer’s advertising centres on the potential homeowner and giving them the “utmost gratification” (Modeno Homes, n.d.) It also describes this project as one for people who are looking for a “private enclave in the heart of Toronto” (Modeno Homes, n.d.). This marketing tactic is contradictory, because the “heart of Toronto” was not planned or built to offer private enclaves. Additionally, the area, as is the case with most of Toronto’s neighbourhoods, is vastly diverse. With a massive investment in transit and other public amenities in the Ward, the idea that prospective residents would be moving to a private enclave is illogical and divisive, because it disregards the cultural fabric existing in York South Weston.

The fact that city policies and planning processes could potentially allow developments like these, given the context of the LRT's imminent arrival, can be seen as an oversight. This also serves as an unfavourable precedent for the other various higher order transit projects also in line for Toronto's future in the context of building to the principles of TOD and attempting to address the "Missing Middle" issue in Toronto. With plans for this corridor to be intensified as far back as the mid 2000s through Transit City (Global News, 2013), the City could have done more to get ahead of the influx of development to encourage a more diverse set of housing options along the corridor. The City recently adopted plans (as of July 2020) to expedite zoning measures to allow more diverse low-rise housing options on major streets. However, the Eglinton LRT could have been a useful introduction for most Torontonians and residents of the GTA at large to become accustomed to alternative development options, while still supporting intensification goals for the lands surrounding the transit corridor.

6.2 - "Uninspiring Affordable Housing"

Few affordable housing projects, relative to the volume of new units proposed for development in the ward, are being developed in York South Weston. Of the few projects that attempt to develop affordable units for residents, the initiatives, while aspirational, are uninspiring. The minuteness of the scale at which affordable options are being developed is notable, considering the social conditions underlying York South Weston that were discussed in Chapter 3.

Both properties highlighted for affordable housing are projects that require creative financing solutions to allow lower income residents to have access to the units. One of these

properties at 2 Bicknell Avenue, is on land that was previously owned by the City, and sold off through its real estate agency, CreateTO. Most of the units available for sale were offered at market rate prices, but some units were available at more affordable terms thanks to a partnership between Trillium Housing, which is a non-profit organization, the Federal Government, the Provincial Government, and BuildTO – another entity in which the City of Toronto's real estate arm operates through. In total, Toronto's contribution was $800,000 to support the financing of 32 down payments for people who were eligible to purchase homes (City of Toronto, 2016). Applicants who qualified for this were limited to a household income of $88,900. If prospective homeowners had the down payment available, the non-profit financier offered an additional $100,000 to allow for a total purchase of $300,000 – provided the homeowner was able to secure a traditional mortgage for $180,000. With an effective down payment of 6.67%, it turned out that the down payment is more than the lowest amount for a conventional high-ratio mortgage insured by the Canada Mortgage and Housing Corporation (CMHC), which is typically 5%. But for the duration of ownership, the homeowner would only service the traditional mortgage they secured. The $100,000 in bridge financing is essentially a non-factor on the month-to-month cashflow for homeowners.

It was noted that the City's investment of $800,000 to support the purchase of these affordable homes positively affected equity seeking groups, but they did not explicitly state that it would support racialized people, particularly Black people, who are prevalent in the ward as discussed in Chapter 3.

While it is important for these programs to be implemented, it is not enough and falls far from the mark in an area that will change as much as York South Weston will with the coming of the Eglinton LRT. Not only are proposed developments lacking in affordable options for

residents, but current landlords are also actively employing strategies to increase rents for those who already reside in the area (Delaire, 2020).

Another property in question, at 10 Wilby Crescent proposed a co-op housing model. This is the only new co-op development in the ward. The units would be sold at cost, and the Humber Co-op Development Corporation and Options for Homes, the non-profit financiers in this case, supported residents with downpayment financing – in exchange for a shared-equity mortgage. Interestingly, Options for Homes boasts that they have operated for over 25 years without government funding, contrasting with the project at 2 Bicknell Avenue that was a joint effort by all levels of government. Also, the proposal indicated that to make these units more affordable, they did not include the typical premium amenities that many of the properties under development in York South Weston try to market to the housing consumer, such as pools and gyms (Options for Homes, 2022). In this property, it allowed for an approximately 12% reduction in the property price which in real dollars represents $55,000. This can be enough for more people to at least have an opportunity to access these housing units. Options for Homes spearheading the project has partnered with Deltera, a Tridel group of companies' member, to implement their developments.

The efforts of non-profits to create opportunities for first-time homebuyers to step onto the property ladder are honorable. But the lack of urgency to protect the existing affordable housing stock around Eglinton, as well as encouraging and supporting new affordable housing units may lead to grim consequences for the already underserved people of York South Weston. This responsibility does not solely fall on the City, particularly in the area of providing direct funding to house residents. The risk of inaction will have the strongest impact on the next

generation of young people who are even more disadvantaged than youth in wealthier parts of the city that are also struggling to navigate Toronto's hot real estate landscape.

6.3 – "The presence of Institutional Investment"

The Eglinton East LRT attracted a lot of investment, and at the forefront of this were Institutional Investors. In this section, institutional investors are present in various forms, such as the state, Real Estate Investment Trusts (REITs), private equity, and publicly traded companies, among other things. Various structures were set up in each case to facilitate the investment into the ward, whether through holding companies, partnerships, and other ventures.

6.3.1 How the state engages in the financialization of TOD

As discussed in Chapter 2, the role of the state in the financialization of city building is documented. Municipalities have been found to take various entrepreneurial positions as a strategy to running the city and meeting their financial obligations. **The City of Toronto** is one of the institutional investors who were involved through the development at **2 Bicknell Avenue**. This site used to be an old streetcar loop for the TTC. To manage this property, the City of Toronto set up a holding company, known as Build Toronto Holdings Inc, (City of Toronto, 2016). It is one of many that is used to build real property developments across the city, with several other projects being set up in a similar orientation.

While the City is responsible for policy related to planning and land use, Toronto also is responsible for managing a significant amount of publicly owned land. In this case, the City is

engaging in the privatization of this public land, and benefits from it. Although the annual report documents do not cite this property further, the holding company did have a net development income of $12.6M, and along with rental income, their total income from real estate was $13.3M. Other income that went through the holding company rendered a final net income value of $26.8M, and a cash balance of $117.5M, even after a $25M dividend was paid to the City from the holding company, and a $12.3M loan repayment was made too. CreateTO, the City of Toronto's real estate arm, considered the land to be unutilized, with hopes to repurpose the site as one of its goals. Another property that was sold by CreateTO in the ward was **150 Symes Road**, which has been converted into an urban brewery and event space. It was eventually sold to a company named Symesbridge Inc.

With the amount of income generated from these deals and others around the City, it is possible that other intentions and goals may also be at play here. The City may not be engaged in overt profiteering as their private financialized owner counterparts may be, but their approach is similar to the Berlin approach that was noted in Chapter 2. Toronto has been criticized for undertaking an austerity regime since the inauguration of the late Mayor Rob Ford (Thomas & Tufts, 2016). Under his regime, Council's priorities shifted away from city building that was spearheaded under the leadership of Mayor David Miller. Other significant budget processes were altered, including the decision to set the property tax rate prior to deliberations on budget items. This led to an inherent pressure on the budget annually and over time has been a contributing factor to the significant financial pressures on the City of Toronto. In 2018, former City Manager Peter Wallace discussed these pressures in the Long-Term Financial Plan that indicated that Toronto urgently needed to decide if it could fulfill the various commitments and strategies that were introduced by Council but remained under or unfunded (City of Toronto,

2018). It appears that one solution for the City to address this issue is to engage in real estate and the selling of publicly owned land. This approach unfortunately is not sustainable and contributes to gentrification in the ward by siphoning public assets to private owners. It is ironic that 2 Bicknell itself was an old transit loop that, in the wake of a new transit service in the ward, is no longer available to the benefit of the public.

6.3.2 Institutional Investment and the disregard for the local community

In the ward, there are multiple institutional investors that lack a nexus to the community and are geared solely towards the financial gain they desire. One example of this is highlighted in the influx of developments slated for self-storage facilities as more smaller units become more popular and less storage is available in the numerous condominiums being developed in the ward and in Toronto. 7-11 Ingram is a development that is positioned as a new site for self storage in the Ward, even though marketing for the area appears to be for Downtown Toronto residents. Potentially, with additional connectivity in the ward through the LRT and, the GO and Union-Pearson Express upgrades, the owners, Bluebird Ingram Storage Corp operating under Nyx Capital, see the site as a much more viable location for those who do not own cars, and need storage space because of the lack of storage space in many new builds and apartments. This entity has facilities in other GTA communities such as Leaside, Don Mills, Woodbridge, Whitby, Burlington, and Port Credit, with another new facility in the GTA coming to Orangeville. Additionally, outside of the Greater Toronto Area, they have facilities in Calgary, Hamilton and Montreal, they have positioned themselves as an experienced developer and manager of these sites since 1983, or almost 40 years (Bluebird Storage, 2022). As part of their development process, they openly offer property owners and real estate brokers to send them information

about sites that might be up for sale, and highlight that it is vital for them to acquire stabilized self storage properties to add to their Canadian portfolio (Bluebird Storage, 2022).

The company is a subsidiary of Budget Development, which is led by Jamie Bennett. The company had been involved in a joint venture with a REIT that was not publicly traded. Of the partnership, Mr. Bennett has been quoted as saying:

> "The opportunities for self storage in Canada are enormous, but until now there has been a lack of interest or initiative on the part of many U.S. self-storage companies to cross the border," said Jamie Bennett, a Canadian native and senior partner with Budget Development. "Canadian operators don't have enough capital and American chains don't have a local presence to get things done. This venture fits right in the middle, poised to take advantage of this untapped market (Inside Self Storage, 2010)."

This situation demonstrates the interest of international developers and institutional investors to "take advantage of" the Toronto market and financialize these spaces for profit. Nyx Capital have noted their focus to provide value to investors through real estate redevelopment, repositioning, asset management, and other services. More specifically, their role is to "focus on assets with an upside value that can be unlocked by active management or development". This is reflected in their priorities, which include getting the highest and best use for a property, providing "compelling" risk adjusted returns for investors, and purchasing underutilized properties to unlock this value (Nyx Capital, 2022). Along side self storage (in which their portfolio consists of 3 more properties in the GTHA), they are also involved in residential investments and commercial investments – most of which are in the GTA.

Through the case of 7-11 Ingram, it appears that in places like York South Weston, where land is generally available at a discount compared to other areas in the city,

“underutilized” is another way of saying “cheap”. Some of these properties are managed by a publicly traded REIT named Life Storage, which further exacerbates this dynamic. It can be argued that self-storage options are supportive to residents in the community – especially those living in smaller spaces and lacking storage options on-site. However, with the owners and operators of these spaces outwardly indicating that their market is more suited to customers who live in more central areas that would be able to access York South Weston shows that through TOD, financialized owners are able to benefit from these new transit assets without regard for the needs of the local community. The owners’ lack of nexus to the community who are often national or international entities contribute to this issue.

22 John Street is a development that is very close to the Weston GO Station. It is managed by Rhapsody Management who are described as a multifamily property management firm, with a focus on luxury rental communities in Calgary, Toronto, Edmonton, Vancouver, and Ottawa. The parent company for the business is Pinnacle Property Management Services, which is an American company – more evidence of the influence of international investors on the land development adjacent to focal transit facilities in the ward. The project is being implemented through their development partner, Rockport Group. They offer all segments of the real estate package, including the acquisition of land, development, project construction management, and income producing property management. Other classes of property they develop include senior homes, condominiums, retirement homes and Long-Term Care facilities, which have also been actively owned and managed by an increasing number of financialized owners (Rockport Group, n.d.).

One of the partners on this deal was Woodbourne, due to the proximity of a nearby apartment, parkade and podium building that the private equity firm owned close by. Woodbourne is also involved in real estate investment and invests on behalf of major investing groups including institutional investors, public pension funds, private pension funds, endowments, foundations and funds of funds. On the website for this project, named "West 22", it is noted that this property was "stabilized" in 2019 (Woodbourne Investments, 2021). Stabilization is a term used to describe the point in the development process in which a project yields consistent rental income. It also touts the community cultural hub that was part of the development, which added "vibrancy". This firm is mainly led by professionals who have backgrounds in asset management and financial markets. Similarly, they describe their aim to develop, own and operate high quality properties in "prime" urban areas in Canada, and focus on investments that can deliver the best risk adjusted returns based on various financial and non-financial considerations. One of these is to add value by using an "Americanized" version of management and capital improvement programs. Additionally, they also focus on consolidating their ownership of properties in Canada, because there is a fragmented ownership structure of properties of many classes here compared to in the United States (Woodbourne Capital, 2021). Wherever possible, players in financialized markets aim to consolidate ownership of assets and thus, control a larger segment of the market in order to generate more value for their investors.

Berkley Group, with a development at 6 Lloyd Ave, is another private equity firm that focuses on real estate investment in high growth urban markets in various development patterns, such as single-family home subdivisions, infill townhouses, purpose built rental

apartment buildings, and condo developments. It has acquisitions across North America. It has partnered with Carlyle Communities, which is actively involved in development and management of communities in the GTA with a portfolio of $500 million, 1000 residential units, and 50,000 square feet of commercial real estate. This private equity group isn't only focused on real estate, but also other non-real estate operating companies such as auto dealerships, private banks, and food franchises (Berkley Group, n.d.).

Some of the language highlighted by developers and investors quite clearly indicates their intentions. Haven Developments, who are developing a property at 955 Weston Rd explicitly notes their focus on capitalizing on real estate value, to drive financial returns. Another property, 2270 Weston Rd, which is owned by Medallion Corp, through Weston Humber Investments Ltd, highlights the need for the company to maintain and "care for" its assets.

Also of note is the overt aim of investors to transform properties into the financialized markets, whether through public markets accessible via REITs or for private equity firms. These mainly international investors utilize the expertise and knowledge of Canadian partners to package properties into investments that are then owned and managed by the parent company. Even though these Canadian businesses are managing the projects, they are being directed to employ tactics that are native to the business and financial norms of the parent company's home countries. In the case of these properties, America's marketplace is very similar to Canada's, but concepts such as consolidation are further ahead than in the Canadian marketplace where many real estate assets among various classes are more fragmented in nature. With York South Weston now being served by higher order transit, these owners are more likely to view the ward in the light of a "prime"

urban area which offers them a higher potential for returns as the demand to live, work and play in the community increase.

6.3.3 Expanding on Marketing Tactics

It is not clear if TOD principles also include the need for modern, “hip”, urban amenities as part of the overall goal to situate residents and the community closer to transit and traditional amenities such as work, school, and commercial and community amenities. The marketing for properties in the Ward tells a different story. Many sites and their developers/owners express various ways of presenting a hip, and urban way of living. Some of these properties tie in existing components of the community fabric, and others import a new way of living to this area with long-standing and rich cultural amenities and history. The notion of revitalization may also be involved, which aligns with findings in scholarship that TOD perpetuates and exacerbates processes of gentrification that benefit landowners and developers who profit from the increased demand.

At 22 John Street, marketing materials for the property utilize existing community programming, facilities, and assets to support their advertising efforts. Open public space, the cultural hub for the neighbourhood, and even the local farmers market is noted as amenities that future residents will come to enjoy at this site. With this, it would be remiss to not also add that the development marketing touches on the classic user-friendly amenities that make the living spaces like a “resort” and full of “modern finishes”.

Figure 6.1: Marketing materials for 22 John Street. Source: Rhapsody Living

Articles for the cultural hub - which was recently updated as part of the property development - indicate that Weston's skyline has been neglected and the cultural hub adds "colour and vibrancy" to the community (Mclean, 2019). It is ironic that programming at the hub touches on how gentrification is a part of the reason why artists have a hard time being able to conduct their craft in Toronto, because this project adds to the cycle of gentrification by utilizing a "hip, urban space" to support that. While financialized owners, in this case Pinnacle Property Management Services, create the image that the neighbourhood has no cultural competency, it does not add up to the various examples and instances of culture being on full display in the community. The owners in question are based in America, and while they have partnered with Canadian and even companies local to Toronto in Rhapsody Management and Rockport group to support the project, it illustrates the lack of nexus that financialized owners often have in these development projects. Because of this, they can portray the community as weak and needing to be saved, instead of as strong and to be made even stronger by providing residents (specifically,

young people and creatives) with the adequate supports required to continue to add to the community fabric.

While some projects attempt to have some respect for existing community assets, such as the project at 1440 Lawrence Ave being spearheaded by Barney River, who acknowledge the community's closeness (Barney River, 2020), most attempt to import a new way of living to the area. IKore (87 Ethel Ave) and UrbanCorp (1780 Lawrence Ave W) both note their experience bringing an urban lifestyle to various communities in the GTA and have teams who bring a unique vision to these properties (GTA-Homes, 2020; Urbancorp, 2015). They speak of their work in other communities such as King West and Queen East, both of which have completely different social, economic, cultural and community dynamics than York South Weston. Dunpar (2650 St. Clair Ave W.) goes even further to speak of the work they have completed in suburban communities such as Etobicoke, Oakville, Mississauga, and Vaughan. Describing their projects as "enclave communities", this narrative disregards the needs of the communities and the contradiction of being able to offer urban living through an enclave (Dunpar, n.d.). This may be possible in a new subdivision on vacant land in these suburban communities, but not in a community that has already been built up. It also alienates the existing community and residents from future neighbours, instead of attempting to bring them together. Furthermore, Trolleybus, the lead on two projects in the ward (1860 Keele St and 8 Locust St), talks about the opportunity to develop properties within communities that are undergoing rebirth and revitalization (Trolleybus Urban Development Inc, 2021). While it must be acknowledged that the LRT will certainly transform the community, these

opportunities for improvement will mainly be enjoyed by newer, generally wealthier residents of these projects, and the investors who finance and manage them.

With marketing like this, one without knowledge of the community would think that these areas are greenfield projects in farm country or even worse, a ghost town! However, owners understand that investors may require a glossed-up picture of these areas so that they can have confidence that their investment will generate a return. Unfortunately, communities such as York South Weston that are already at the margins because of this neglect, become further disenfranchised because they are not part of this "new and enhanced" way of living.

6.3.4 Domination of Development Volume by Financialized Owners

As noted in Chapter 5, financialized owners dominate the volume of development in the Ward. While it is not surprising that most properties under development are under privately held entities, the extent to which financialized owners control development activity in the ward is notable. Some of the country's largest and most influential real estate companies are increasing their presence in the community as the Crosstown nears its inauguration.

The North Park Plaza at 1289-1411 Lawrence is a property owned by SmartCentres, one of the country's largest REITs. Under their management is over $10 billion in assets and almost 98% occupancy of its over 34 million square feet portfolio (Smartcentres, 2023). Right now, the firm is focused on intensification of their commercial and power centres into mixed-use urban centres, which is part of a $12.1B program, $5.5B of which is

coming directly from SmartCentres (SmartCentres, 2020). Through this, in the next five years, the focus will be to produce over 27 million square feet of income producing space. It is no surprise that with the new LRT, one of the properties under this intensification initiative would be along the line. Choice Properties is another prominent REIT that is involved in Real Estate Development in the Ward. Under their portfolio, they have 724 properties and over 65 million square feet of "gross leasable area" (Choice Properties, 2020). This company is owned by Loblaws, and this relationship to the grocer and retailer supports the advantage that the company has in seeking out opportunities for development.

A lot of the discourse around transit induced gentrification centres on residents and the impacts on housing affordability. However, the involvement of these two hegemonies of Canadian Real Estate stands to significantly impact the commercial landscape in the Ward too. In theory, businesses along the line will benefit from easier access to transit for their customers and prospective customers outside of the Ward. They might also benefit from some of the new mixed uses that are available because of these intensification projects. There has already been a noted impact on small business owners in the community because of the new line, with many businesses unable to survive during the lengthy construction process (Smith, 2020). Many of these business owners are immigrants and racialized, and there is very little support being offered to provide relief from the negative impacts of the LRT (Mohamed, 2021). The REITs only exacerbate the issue by offering leased spaces at a premium that ultimately increase rents for businesses in the ward. Generally, these tenants are larger national and multinational corporations, such as Loblaws in the case of Choice Properties and Walmart in the case of Smart Centres – both of whom have close relationships to their real estate arms. While SmartCentres in

particular is engaging more in TOD ventures, these mega projects are built in the purview of their financial goals and without respect to the local community.

The influence of REITs and other private equity firms has further reach outside of those structures. One property at 1695-1705 Weston Road**,** owned by Old Stone Henge through 1705 Weston Road Holdings Ltd, is spearheaded by a former professional who has worked for large REITs and private equity firms (Oldstonehenge, n.d.), such as RioCan and Bentall Kennedy – the latter of which is developing in the Ward also. In order to keep up with the transition in the market being driven by larger financialized players, smaller players are needing to adapt in order to also capitalize on the opportunities being made available by the new LRT in the community.

Barney River is another private real estate investment firm that is involved in the development along Eglinton. Like other developers and firms along the corridor, they are focused on acquiring properties in "high barrier to entry locations that are able to deliver sustainable cash flows over the long term" (2020). This company has cited their magnitude of work, including multifamily suites and hotel rooms they own and manage, highlighting partnerships with Hilton and Marriott for their hotel segment. Their information on the project notes that they plan to make improvements to the building and property, expanding on investments that have already been made in previous years (2020). It is possible however that through these renovations, they can justify increasing prices which will push out residents in some way or another.

Finally, Bentall Kennedy is developing on the site of 15 Martha Eaton Way. The property already has an existing purpose-built rental on there, and the goal of the project is to build another building on site. The firm is a large real estate investment player in North

America and is backed by SunLife Financial (Sun Life Financial Inc., 2018), which is also one of the larger financial services organizations in the world. Their leadership has been vocal about the project and its goals, speaking at various conferences about their intentions with the property. At Martha Eaton Way, they have highlighted various initiatives they have taken to renovate the existing apartment building, which they have cited has led to large rent increases of 40% on turnover there[2]. In essence, they are looking to displace tenants to get a rent increase from re-renting their vacant unit, after doing minimal and slow-paced renovations.

Many owners noted that York South Weston is less costly than other areas to invest in. Barney River's acquisition strategy indicates that they recognize that once the Crosstown LRT is complete and the various developments around the line are also finished, it will be very difficult for other investors to enter the ward. This exclusivity benefits investors who are already "in" since the size of the pool is not increasing while the value of it does. With so much of the ward's development being controlled by financialized owners, it will only become more difficult for non-financialized owners to develop and implement projects in the ward.

6.3.5 Speculation Gone Wrong

Speculation is an important component of financialization. Investors engaging in processes of financialization are continually moving away from the fundamental aspects of

[2] Noted by Paul Smith, DMS, speaking on "Asset and Portfolio Management Strategies" panel at the Canadian Apartment Investment Conference, held in Toronto on September 4, 2019.

the assets in which they deploy money to invest in. Much of real estate investment is rife with speculation and adverse risk-taking to generate value for investors. York South Weston is not absolved of the negative implications of this risk-taking.

Urbancorp is a firm that commenced a project at 1780 Lawrence Ave that publicly failed due to unscrupulous activity from the developer. It was one of Toronto's most prolific and respected developers at the time. When the company filed for bankruptcy protection as a result of the failed project, many people who bought condos in the pre-construction phase lost their future homes and their entry into the real estate market, and the money that they used to secure those properties (Kupferman, 2017). This property ended up getting cancelled for development from Urbancorp, but it serves as a reminder that in this case, not only did buyers who were seeking affordable housing lose, but also those looking for an entry onto the property ownership ladder. Perhaps some of the signatories who were negatively affected were also engaged in speculative risk-taking and stood to benefit if the projects were completed. However, there were many buyers who were looking forward to utilizing the properties as their principal residences and were made to start their home ownership ambitions from scratch – if it didn't destroy their ability or hopes to own a home.

While most owners are more covert about their risk-taking motives, others are more open about their views on the properties they are developing. One such case is highlighted by the proposed purpose-built rental property at 2346 Weston Road. At one point in the process, the owner of the development company, Carlos Jardino, was quoted as saying that the proposed rental prices for seniors, which was still deemed to be unaffordable by some,

were “a hell of a deal” – further acknowledging explicitly that “as an investor, I need to make a return” (Appia, 2019).

Unfortunately, York South Weston is not immune to the speculation that is customary with processes of financialization. The LRT only exacerbated the race to utilize the increasing demand to increase profits. While it is evident that there are effects that will have longer lasting impacts on the community through the gentrification of the ward, some negative impacts become visible much quicker and have a big impact on those affected.

6.4 – “Transit as an Asset”

In Chapter 2 I discussed the dynamics of real estate investment as part of financialization processes. The history of marketable securities for real property assets has shown that over time, investment players have been able to identify, capture and extract profits from segments in real estate that became more niche. Outside of the conventional REIT sectors in residential and commercial, there are several other sectors that investors can concentrate on if they believe that there is more value in that segment. One of my research questions centres on if financialized actors have or are attempting to potentially create a new segment that focuses on TOD at the core. The LRT offers an opportunity to identify themes to determine if REITS, private equity firms and other investment firms in real estate are packaging assets along the line into new investment segments. One of the recurring themes that continues to appear with the various projects in the Ward is the notion that Transit is part of the asset and investment package of Transit Oriented Development. Various projects highlight the role that the LRT plays in the development,

marketing to both potential residents and homebuyers, but also investors who may be interested in participating in the returns that might be generated from the projects. At the minimum, this represents a transformation and financialization of the public funds invested in the transit line to investors who view these projects as high return on investment ventures.

No more representative of this is the site at 2 Bicknell Avenue, which is where a former TTC bus loop existed before becoming obsolete and vacant. The investment summary for that property frames it as an excellent opportunity to acquire an urban infill site within an established neighbourhood. It also highlighted the presence of transit serving the area adequately, with frequent bus service and subway and rail connections (Build Toronto & Cushman Wakefield, n.d.). The irony that a former transit facility is now the site of profit-generating construction for investors can be seen as a metaphor for how the LRT is being marketed as good for investment. These owners, alongside those at 1440 Lawrence Ave W and 1780 Lawrence Ave W do not clearly state their intentions and why transit is important for them. At these properties, the availability of transit facilities such as bus stops, "easy access to TTC", bikeways in the neighbourhood, etc are subtle but important cues that touch on the investor's mindset to ensure that amenities that can increase property value are available. It forms the "ideal" living space, in which transit is abundant, spaces are safe, open space is green and bountiful, and fits the image of modern urban living – which does not easily include housing affordability, especially for those members of the community who already exist.

While some developers and land owners are vaguer about their intentions for profit-making through the new LRT and other transit assets, some are more explicit about how

they view the LRT in their ventures. At 15 Martha Eaton Way, as mentioned in the previous section, Bentall Kennedy were very clear about the ability of the LRT to enhance their rent increasing strategy at the site. Paul Smith, DMS, was quoted as saying the following about the property:

> … Let me share two examples of long-term hold buildings in Toronto, in nodes of the city with significant rent increase opportunities. The first is in the Black Creek / Trethewey area, which may be a bit counter-intuitive, but this is the end of the line for the new Eglinton LRT, so this neighborhood is getting a lot of attention.[3]

It is striking that a neighbourhood that is neglected and overlooked is finally beginning to be seen as important, but only because it is part of the new LRT and can generate profits for various investors who would otherwise look elsewhere to generate value for shareholders.

One interesting development in the ward is the presence of smaller financialized players who aim to capitalize on homeowners and property owners who may see the Crosstown as an exit strategy or as a potential option to cash in on their real estate investment. At 1860 Keele and 8 Locust Streets, Trolleybus Urban Development Inc. is managing this kind of arrangement. Trolleybus, as part of their investment philosophy, have also been clearer about how transportation facilities support their ability to generate returns. As noted on their website, they only "specifically" look at opportunities in which intensification of built-up areas can occur, including major transit station areas. Alongside that, they focus more intently on the area's accessibility, or proximity to transit access, and

[3] Quote from Paul Smith, DMS, speaking on "Asset and Portfolio Management Strategies" panel at the Canadian Apartment Investment Conference, held in Toronto on September 4, 2019.

connectivity (2021). They have put their approach to practice by creating a consortium with individual investors to create a larger site to build a bigger project.

Partnering with the various property owners on the land involved in the site plan, the real estate development firm aims to build more units to add to their portfolio. It is described as a well-capitalized real estate development firm that specializes in the acquisition of contiguous properties through the “assembly process”, which allows for them to create a larger land size that is suitable for redevelopment. In being able to create a larger land size, this allows for more square metres of GFA to build and generate income from. This approach has been employed for 23 projects, 4630 residential units, and over 3.1 million square feet in high rise development. It is not surprising through this consolidation arrangement, which relies on various property owners to simultaneously sell their properties for development to be facilitated, that their website notes that only when they feel confident that they can arrange the deal as such that they can move forward with the opportunity (2021). Typically, buying one or two properties single family homes to demolish and rebuild a similar number of modern units is not uncommon in the Toronto area. But with the new LRT, and the amount of lower valued property in this area, it seems almost convenient that a company oriented the way that Trolleybus is would be able to employ this strategy at a larger scale and be successful with it.

With the LRT highly supporting both of those goals, which is the essence of TOD, it unfortunately also means that investors like Trolleybus view this as more feasible for them to support projects in their portfolio. The owners at 955 Weston Road also explicitly note that they select their locations based on access to transit and infrastructure, and work with municipalities and transportation authorities to determine where future transit

planning is geared towards. In doing this pseudo-lobbying work, it makes the playing field more uneven because the community for various reasons may not have the resources, time, political capital or savviness to be able to compete with well financed and backed investors.

These cases highlight the ability of investors to extract profits from transit expansion projects. In the case of Trolleybus, it also shows the potential for specialization and expertise in this space as evidenced by their numerous successful projects employing this strategy. However, it is not clear if properties specifically centering on TOD can be packaged into a segment of real estate investment. It appears that new transit lines further enhance value potential for those who are already connected to the ward. For those who are able to pivot into the ward, they may not have the same advantage as the previous group but if they are able to invest before the window of opportunity minimizes the value that can be extracted, they also stand to benefit. As transit expansion continues in Toronto, it can be expected that some actors may carve out their own niches in TOD along the new lines.

7.0 Conclusion

Through this study, York South Weston's relationship with the coming of the Eglinton Crosstown LRT is investigated through the lens of Transit Oriented-Development and the advances of landowners and developers who aim to benefit from the presence of the new line. I focused on attempting to identify the structures and types of entities that are most present in development projects and investments in land and property in the ward, and the implications of their presence on the community and on residents. The strategies of the owners were also analyzed, and the frequency and intensity of their tactics were discussed and studied also. These research questions helped to develop a pathway to understanding ultimately the financialization of TOD in the ward but on a wider scale, in the Toronto area as the city undergoes an ambitious transit expansion implementation over the foreseeable future. The ward served as a proxy for many other neighbourhoods in Toronto that have similar characteristics – diverse inner suburban communities that are lower income than the average neighbourhood and exhibiting social conditions that put residents more at the margins than in more affluent neighbourhoods in the city.

Generally, financialized owners dominate the development landscape of York South Weston. In multiple asset classes, such as housing, commercial, and even more niche segments such as storage, the number of properties and the volume of land under development by financialized owners is substantially more than non-financialized owners. Of the development applications that were reviewed, it is possible that even more owners may be oriented in a financialized structure but there is not enough information on these entities to classify them as such. In general, 75% of developments are being implemented by private owners, and only one property under review was being completed by a developer that is oriented in an alternative manner (Co-op). Financialized owners are developing over 50% of the housing units in the ward, and

compared to other private owners, are building projects that have 40 more units on average. Private equity firms themselves control over 1/3 of the development activity in York South Weston.

Highlighting the affordable housing projects initiatives in the ward, even those developments are uninspiring and lack aspiration with respect to the larger housing affordability issues in the ward and the city at large. These projects were found to be geared towards prospective homeowners, instead of general residents, by offering units for purchase instead of for lease. They had innovative financing schemes to support applicants in being able to afford to take a step on the property ladder. However, they also perpetuate the financialization of housing in the ward by turning housing into a financial investment for residents. One property was a joint venture between all government levels, and it was only able to produce 32 units. While the project was celebrated and seen as a success, it does not go nearly far enough to make an impact in the community, especially as the new transit line stands to put more pressure on affordability for current residents.

The implications of these findings are pertinent to the immediate community but also to the rest of the city. As mentioned in Chapter 3, the Eglinton Crosstown is the first of many major transit projects that will be completed along key corridors in the city, such as Finch, Eglinton east of Kennedy and West of the terminus of the Crosstown, Sheppard east of Don Mills, and through the various central communities that the Ontario Line will service. Financialized owners who dominated the development activity of the ward have shown that there is a benefit to targeting properties in and around the line, even if the land is not exactly adjacent to the LRT. With the TTC providing several ancillary connections to these major corridors across the city, a landowner that can access land that has convenient connections to the LRT will likely be successful in achieving their financial goals from development. In the case of housing developments, with financialized owners more focused on condo and freehold development over purpose-built housing, not only

does housing become more expensive but it becomes more inaccessible along the transit line because the home ownership barriers to entry are now present to have the opportunity to live in the community. Many condo owners do indeed offer these units on the rental market, but this now becomes a financialized unit that requires rents being charged at a premium for the landlord to get a return on their investment, negatively impacting the tenant. The lack of purpose-built rentals being built in communities that these new LRTs will service perpetuates processes of gentrification and ultimately leads to a failure of the initiative to benefit existing residents that would stand to benefit with increased access to the city with higher order transit.

It does not appear that the line is fueling a novel niche of TOD specific projects. One developer highlighted their focus on projects in and around major transit facilities, but most developers tend to use the line as part of a wider strategy in their development pipeline. With more transit lines and development projects being implemented this may change as developers gain experience, connections, and further resources to build on their advances in York South Weston. It is unclear if mixed-use developments making up just over 1/6th of the activity in the ward merits a ruling that owners are aiming to develop under the guise of TOD or not. But in regard to the "Missing Middle" issue that remains in Toronto, there is enough evidence to indicate that developments in the ward did not sufficiently make an impact in resolving the issue. Proposals from financialized owners continue to surface with a large volume of units per development, and unfortunately, some projects in very close proximity to stations along the line are at the other end of the spectrum as they are slated to build single-family housing on plots of land that potentially could support an intensity of density that is more balanced. Until the economics of development in Toronto become more favourable or legislation changes at the City and Province level are able to facilitate more diverse housing options, development along transit lines in the city will continue

in this nature. While more supply for housing will be beneficial, if most of it will turn into condominiums questions remain as to if it will have a tangible effect on housing affordability in Toronto.

The findings from this study are relevant to various contexts in city-building. Firstly, Toronto's transit expansion is having a material effect on the planning environment and processes in Toronto. Financialized players looking to maximize their returns on development in Toronto are focusing more on corridors with higher order transit already existing or under development. At all levels of government, policies must aid communities from being hindered by these improvements because of the negative impacts of developers taking advantage of profit-seeking opportunities that become present. Hamilton is another municipality in which the LRT is slated to transform the community. With the social conditions along the proposed corridor of the Hamilton LRT similar in nature to York South Weston, insights from the study can help to inform an understanding of potential investment along the Hamilton corridor by financialized owners. Hamilton has already experienced gentrification and the LRT, as with York South Weston, will only continue to fuel the processes of gentrification. It is incumbent on the City and the Province to take leadership and ensure that precarious segments of the population are supported through this transition. Overall, this study provides an understanding of the role that financialized entities play in transit infrastructure improvements of this nature. In cities where large scale transit investment is deployed, various stakeholders must be aware of the consequences that are inevitable if financialized owners are able to control development along these corridors in the way that is exhibited in York South Weston.

Additional perspectives and research directions for this study can include the role of other stakeholders in the development process, and in particular the role that elected representatives

play. An extensive review of lobbying activity from the development applicants would help to inform the extent to which local councillors, Members of Provincial Parliament, or even Cabinet Ministers responsible for various aspects of development are involved in the strategies of financialized owners for these projects. On the other hand, the views of residents, small business owners and other members of the community would be valuable in understanding the impacts that the new transit line and investment in the neighbourhood have. Perhaps, some of these views may be counter to existing narratives around the new LRT. Furthermore, while one major indicator that was analyzed was the proximity of properties to the major stations – with the "last mile" in mind – expanding that indicator to capture the proximity of the properties to the closest bus line that connects to the transit lines could provide an important understanding that could possibly suggest that financialized owners may find value in transit assets even if they are not in close proximity to higher order transit lines itself. As noted, there are several connecting surface routes in the city and if owners can communicate and leverage this capacity, they would be able to convince potential residents and tenants that these new lines are still accessible and available to them as part of their sales and profit generation processes.

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Appendix

Appendix 1 – Land Owners Identified in City of Toronto Application Information Centre

Property Address	**Date Submitted**	**Land Owner**	**Owner Type - Subgroup**	**Owner Type - Main Group**
2 Bicknell Ave	30-Dec-13	Build Toronto Holdings Inc.	Private (unknown)	Private
2 Bicknell Ave	26-Jan-17	Keelesdale Ventures Inc. (Trillium Housing)	Private (unknown)	Private
2 Bicknell Ave	26-Feb-19	Keelesdale Ventures Inc. (Trillium Housing + Van Maren Constructors)	Private (unknown)	Private
2421 Eglinton Ave W	30-Jan-19	2578616 Ontario Inc. (Nobility Homes Ltd)	Private (unknown)	Private
87 Ethel Ave	19-Aug-13	Red Eagle Enterprises Inc. (Benfica Construction Ltd)	Private (unknown)	Private
7-11 Ingram Dr	20-Dec-19	Bluebird Ingram Storage Corp. (Nyx Capital)	Private Equity	Private - Financialized
1683 Jane St	25-Mar-19	2577009 Ontario Inc. (Gil Shcolyar)	Private (unknown)	Private
22 John St	09-Jun-15	2295477 Ontario Inc. (Woodbourne Capital) + TPA	Private Equity	Private - Financialized
611 Keele St	26-Aug-19	Talus Capital Corp (Talus (Keele) Limited)	Private Equity	Private - Financialized
1860 Keele St	27-Jan-20	Gnanaseeli Swampillai, Josai Swampillai, Loc Le, Thuy Thi Thu, Rajeevan Panchacharamoorthy, Kartik Shah, Vivek Kirpalaney, Dinis	Consortium	Private

		Arrud De Sousa, Joanna Phung, Kelon Belfon, Rose Belfon		
2110 Keele St	22-Sep-16	Bombay Court Ltd	Private (unknown)	Private
2265 Keele St	20-Jul-16	2265 Keele Street Holdings Inc. (Domenic Cataldi)	Private (unknown)	Private
2522 Keele St	03-May-12	Mizen Holdings Corporation (Michael Mizen)	Private (unknown)	Private
1289-1411 Lawrence Ave W	23-May-18	North Park Shopping Centres Limited (Smart REIT)	REIT	Private - Financialized
1440 Lawrence Ave W	16-Oct-19	2536731 Ontario Inc. (Barney River)	Private Equity	Private - Financialized
1780 Lawrence Ave W	28-Jan-14	Urbancorp (Lawrence) Inc.	Private Equity	Private - Financialized
6 Lloyd Ave	16-Dec-13	Berkley Carlyle (Junction) LP.	Private Equity	Private - Financialized
8 Locust St	06-Feb-20	Jaswinder Ramon, George Ramon, Santosh Sallan, Nirmal Sallan, Nicola Petrucci, Arlene Dean, Lucia Paz, Mario Paz, Stanchester Charitable Foundation	Consortium	Private
15 Martha Eaton Way	22-Dec-17	6965083 Canada Inc. (Bentall Kennedy)	Private Equity	Private - Financialized

8 Oak St	13-Dec-13	Satin Finish Hardwood Flooring (Ontario) Limited (David Zimmerman)	Private (unknown)	Private
25 Photography Dr	09-Mar-18	CP REIT Ontario Properties Limited	REIT	Private - Financialized
2306 St Clair Ave W	16-Jun-17	Kingcrest Investments Ltd	Private Equity	Private - Financialized
2306 St Clair Ave W	03-Aug-18	Symes Clair Developments Limited (Zev Mandelbaum)	Development Company	Private - Financialized
2650 St Clair Ave W	25-Nov-19	2668443 Ontario Inc. (Dunpar Homes)	Development Company	Private - Financialized
2650 St Clair Ave W	13-Aug-18	1386073 Ontario Inc. (Dunpar Homes)	Development Company	Private - Financialized
150 Symes Rd	16-Jan-18	Symesbridge Inc. (Tanurb Developments)	Development Company	Private - Financialized
96 Tretheway Dr	28-Dec-16	Treth Limited (John Benwell)	Private (unknown)	Private
955 Weston Rd	12-Apr-18	955-969 Weston Road Development Inc. (Haven Developments)	Development Company	Private - Financialized
1391 Weston Rd	13-Apr-18	2626949 Ontario Inc.	Private (unknown)	Private
1677 Weston Rd	24-Feb-12	Victoria Village Developments Ltd	Private (unknown)	Private
1695 Weston Rd	22-Dec-17	1705 Weston Road Holdings Ltd (Michael Dobrijevic, OldStoneHenge)	Development Company	Private - Financialized
1821-1823 Weston Rd	27-Nov-19	Weston Road Ltd Partnership (Tarek Sobhi); BSAR Group	Development Company	Private - Financialized

1956 Weston Rd	12-Sep-19	Weston Asset Management Inc.; 2666649 ON Inc.	Private Equity	Private - Financialized
2059 Weston Rd	04-Sep-12	1877299 Ontario Inc. (First Avenue Property Management)	Development Company (family owned)	Private - Financialized
2270 Weston Rd	25-Sep-09	Weston Humber Investments Limited (?) (Medallion Corporation?)	Property Management	Private - Financialized
2346 Weston Rd	22-Feb-18	2364weston.com Inc.	Private (unknown)	Private
10 Wilby Cres	26-Apr-18	Humber Co-op Development Corporation/Options for Homes	Alternative Housing	Affordable Housing
10 Academy Rd	30-Oct-18	Daniel & Herminio Oliviera	Individual	Individual
37 Blue Springs Rd	26-Jun-19	Nelson Caetano & Lisa Caetano	Individual	Individual
2577 Eglinton Ave W	12-Nov-19	Canadian Musharaka Estates Inc.	Private (unknown)	Private
7-11 Ingram Dr	09-Jul-19	Bluebird Ingram Storage Corp (Nyx Capital)	Private Equity	Private - Financialized
135 John St	13-Mar-18	Adelino Lopes and Catherine Tavares	Individual	Individual
64 Lockrbie Ave	05-Sep-18	J&J Development Group Inc.	Development Company	Private - Financialized
1039 Weston Rd	08-Jul-19	Irfan Akram and Malahat Ahmad	Individual	Individual