

# John Bossons

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Planning and Housing Committee  
City Council, City of Toronto

## **Re: Item 24.3 -- Major transit areas and the City response**

*Councillor Perks and members:*

I am appearing here both as a citizen of Toronto and as an economist.

In my first capacity, I cannot help responding to the provincial takeover of planning in the City. I used to think that democracy mattered, that our election of Councillors meant something. The provincial takeover of City planning is something new in our history. If the provincial government is to decide everything that matters, why do we even have a City Council?

And so this leads me to my first question to you as Councillors: What are the members of this committee going to do about this? Are you just going to receive this item for information, depriving other members of City Council of their right to say something on the issue?

**City Council must speak to this. *You must send this on to City Council for it to speak.***

The report from the City Planner seems oddly subservient, accepting the Ministerial edict and all its consequences without question. Is City Council not there to give direction to City planners, to ask for to a more reactive and constructive response?

City Council sets the objectives. *It must not just sit there and idly watch.*

### **What can an economist say?**

In my capacity as an economist, I think it is important that this committee examine what the Ministerial directive will achieve.

In spite of the fanfare, the Ministerial directive will not cause affordable housing to be built. It does not do anything about the collapse of investor expectations that underlies what has happened to the condo market. Requiring city planning principles -- the guardians of a livable city, its variety, its streetscapes -- to be thrown into the garbage basket in the interest of faster development approvals will not do anything substantive in achieving the construction of affordable housing.

## **What does the collapse of investor expectations mean? And how soon will investor expectations recover?**

When investors -- speculators, if you like -- get burnt, they normally run away from the investment that was such a failure. "Animal spirits" is what Keynes correctly called investor sentiment. *It takes time for those spirits to recover.*

And what makes expectations recover is **events**, not Ministerial statements. Ministerial statements may matter if they have a meaningful impact on events. But will automatic faster approval of new condo developments mean anything to the investors who have just lost their shirts?

Speculative investments in condo real estate have collapsed worldwide. If one looks at past market collapses -- for example, to the real estate market in the early nineties -- it typically takes 5-10 years for expectations to recover. And, to take the market back to a new period of speculative excess, for a new generation of over-optimistic investors to be born.

## **What can we do?**

As a society, we should not look to speculative investors as the source of finance for the affordable housing our City and country needs in the next five years. And with land prices already at an overpriced peak, we do not need an approvals process oriented merely to increasing land values for condo developers.

We need housing that can be afforded by below-median-income households. That is not high-income condos, nor is it high-income rental housing, which is the only housing likely to be built in any volume by private market-oriented developers in the next half-decade. Affordable housing will not be built by private developers without some form of government subsidy, because there is no way under current market conditions that it can be profitable.

That is the trouble with being an economist. *One has to be a realist.*

So the issue I come back to you is this: What is this Ministerial decision going to do for the City, other than raise property values for landowners? Does it mean that the City cannot require minimum visitor and service worker parking spaces in new developments, condemning residents of those new developments to inferior service access? Does it mean that we must throw away all requirements for amenities like setbacks and streetside trees (let alone bike lanes) in the interest of facilitating faster approvals? Approvals that will likely only add to future land values and so housing costs, without materially increasing the supply of housing units?

So that is the question I want to ask this committee: **Who are you and City Council here for?** Speculators? Or the people who need to be housed, and want to live in a livable city? Housing needs will not be met over the next five years by this Ministerial diktat without government programs to build affordable housing.

Sincerely,

John Bossons