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The big-box angle on retail

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Tom Smith, vice-president of development for Smart!Centres, and Sandra Kaiser, its spokeswoman, suggested we meet at Tim Hortons on Lake Shore Boulevard, so they could explain their plans to plunk a \$200-million shopping complex here in 2011. I proposed Mercury Espresso Bar on Queen Street East, to which they agreed; but when I got there, Ms. Kaiser called to say they were across the street at Joy Bistro.

They looked quite comfortable in the bistro, Mr. Smith eating a pulled pork sandwich and sipping white wine, Ms. Kaiser eating salad. Many around here want to ride them out of Leslieville on a rail, as attested by the "No Big Box in Leslieville" posters in many shop windows (including Mercury's but not Joy's). Smart!Centres, owned by Toronto's Goldhar family, insists that it belongs. It may be hard to generate much sympathy for Canada's largest retail developer, which opens a new shopping centre every three or four weeks, generally anchored by a Wal-Mart. Still, Mr. Smith insists his firm is the wronged party in what is shaping up as the city's most dramatic planning showdown since Minto vanquished North Toronto ratepayers to erect skyscrapers at Yonge and Eglinton.

"We don't understand why we're having so much trouble with this project," says Mr. Smith. Mainly he blames one person: the local councillor, Paula Fletcher (Toronto-Danforth).

"Paula is a very strong councillor, she's on the Mayor's executive committee, she's very much in the NDP fold and she's very good, but we don't think it's been very fair."

The proposed site currently houses Toronto Film Studios in an old foundry; by year-end TFS will move to a new home at Film Port south of here. City Council turned down Smart!Centres' application to rezone this employment land for retail, so the developer appealed to the Ontario Municipal Board, a provincial body that can overrule council. (At the OMB, Smart!Centres won a 10-year battle with Guelph council to put a Wal-Mart in that town).

I have written critically of the Foundry District development in the past, and thought it only fair to give the other side a hearing. Some history of Smart!Centres in Leslieville, as told by Mr. Smith, previews the company's arguments at the OMB hearing, which begins on May 21. In August, 2006, he says, his firm paid about \$14-million for a 50% share of the 18.5-acre site (the Rose Corporation owns the other half.) Smart!Centres waited, he says, until Toronto's official plan, which permitted big-box retail on the site, became law.

"Three weeks later they amended the official plan with a new official plan amendment called OPA 5, which prohibited power centres and retail and talked about employment," Mr. Smith says. "We were sorta dumbfounded that that happened so quickly. It's not normal to spend five years on an official plan and then immediately decide that what you said was a good use is no longer appropriate."

The company will show the OMB renderings of the 700,000-square foot project, depicting two-storey brick shops with entrances onto Eastern Avenue and Lake Shore, and people biking out front, and add that, "the kind of retail dollars people will spend at our project are currently leaving the neighbourhood."

"Smart!Centres has done a lot of traditional greenfield 905 big box retail," says Mr. Smith, who joined the firm two years ago and lives in the Scarborough Bluffs. "We are changing the company from within. Retailers have realized that there are a lot of inner city markets that are not being served."

Gary Wright, Toronto's new chief planner, is unmoved.

"We don't think 19 acres of retail with 1,900 parking spaces is the right use," he says. "We think higher employment uses are needed. Retail was not part of our vision for an employment area. You want to go to a power centre, go to Warden and Eglinton."

Kelly Carmichaell, chair of the East Toronto Community Coalition, one of the parties opposing Smart!Centres at the OMB, calls the plan "big box in a party dress." Ms. Fletcher says: "It might look nice, but the jobs are minimum wage."

Mr. Smith tells me 2,000 jobs at \$30,000 a year each will bring \$60-million a year to Leslieville (he later admits the jobs may well pay more like \$20,000 a year). Whatever those numbers, he says, council is simply on the wrong side of retail change.

"If planning doesn't realize the market forces that are at work, then their plan will never be realized," he says. "If we don't build this centre, guys are still going to get in their cars and go to Eglinton or go to North York. Folks are resistant to change. But we're not telling them they have to shop here."

Perhaps Smart!Centres is the victim of some local bitterness, as Leslieville has watched a high Canadian dollar decimate its thriving film industry. Nature abhors a vacuum, and everyone needs a vacuum cleaner.

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