PG26.1.4

January 25, 2018

To: Councillor David Shiner, Chair, Planning & Growth Management Committee
Members, Planning & Growth Management Committee

From: Daryl Chong, Greater Toronto Apartment Association

Re: PG26.1 Bill 7 - Response to the Proposed Inclusionary Zoning Regulation

The Greater Toronto Apartment Association ("GTAA") represents the interests of the multi-family, purpose-built rental housing industry. Our members own and manage more than 150,000 units of multi-family, purpose-built rental housing in the GTA, with the vast majority in the City of Toronto.

Private-sector housing providers are ALREADY the largest providers of affordable housing in Toronto.

CMHC's Rental Market Report 2017 for the City of Toronto shows the following:

Private Rental Apartments in Toronto (Oct 2017)

	Average Rent ($/month)	# Units
Bachelor	1,019	23,055
1 Bedroom	1,202	111,566
2 Bedroom	1,426	102,563
3 Bedroom (+ more)	1,595	21,604

According to Toronto Planning, an average of 1,200 new purpose-built rental units are added to the City's inventory each year. This has been fairly consistent over the past decade (2007-2016). Please refer to the appended tables.

There is great demand, but little new supply.

Simply, it is difficult to make the economics work due to the aggregate high costs. Land and construction costs are largely beyond the control of the City of Toronto. However, there are several expenses that are fully within the City's control. With the proper incentives, the City could directly encourage the construction of new purpose-built rental housing.

Possible incentive to encourage new rental include:

- Development Charges – decrease or exempt
- Development Charges – change formula to remove disincentive for multiple bedrooms
- Section 37 – purpose-built rental IS a community benefit, and should be exempt
- Property Taxes – phased reduction by adding purpose-built rental as "IMIT" eligible
- Permit Fess – waiver (demolition, excavation, construction, etc)
- Approvals – fast tracking
- Other fees

The supply challenges need to be examined as do the consequences of imposing any policy that negatively affects the pro forma will likely lead to the cancellation of projects. Any new increase or regulation could switch the precious few rental projects (1,200 units/year) from 'barely doable' to 'not doable'.

We believe that the Provincial Government exempted purpose-built rental from Bill 7 because it could negatively affect new supply, and new supply is essential.

Instead of imposing requirements that could jeopardize projects, the City Toronto's recently launched "Open Door Program Initiative" – which has quickly shown success – should be promoted and expanded.

GTAA respectfully requests that the City consider an 'opt in' for purpose-built rental developers. This would allow each project to evaluate the financial incentives required to be provided by the City (40/60 split estimated by City to be $110,000 - $158,000 per unit) for affordable unit into their pro forma. This would generate affordable units without the unintended consequence of cancelling projects.

Sincerely,

Daryl Chong
President & CEO
Greater Toronto Apartment Association

Rental Completions in Toronto

Year	# Suites
1997	706
1998	107
1999	391
2000	162
2001	155
2002	760
2003	1,029
2004	573
2005	887
2006	899
2007	705
2008	1,321
2009	920
2010	879
2011	804
2012	2,011
2013	1,681
2014	191
2015	1,362
2016	1,088
20 years	16,631
Average	831/Year

Data: CMHC (1997-2007); Toronto Planning “How Does the City Grow” (2008-2016) profile TORONTO

How Does the City Grow?

Appendix: Dwelling Unit Completions and Absorptions by Tenure, City of Toronto

April 2017

Rental

	Completions	Absorptions	Net Completions	"Unabsorbed" Percentage
2012	2,011	649	1,362	209.9
2013	1,681	1,269	412	32.5
2014	191	195	-4	-2.1
2015	1,362	1,027	335	32.6
2016	1,088	1,028	60	5.8
Total	**6,333**	**4,168**	**2,165**	**51.9**

Source: Canada Mortgage Housing Corporation, Market Absorption Survey Custom Tabulation.
Note 1. The data in Appendix Table 1 reflects the total number of units for each 12 month period. Due to cyclical variations in the construction and sales industry that are unequally distributed throughout the year 2017 year-to-date data has been excluded.
Note 2. "Unabsorbed Percentage" is the ratio of Completions minus Absorptions to Absorptions.

September 2013

Rental

Year	Completions	Absorptions	Completions minus Absorptions	"Unabsorbed" Percentage
2008	1,321	824	497	60.3
2009	920	112	808	721.4
2010	879	260	619	238.1
2011	804	605	199	32.9
2012	1,985	649	1,336	205.9
2013 Jan-June	1,008	806	202	
Total	5,909	3,256	2,653	81.5