Greater Toronto Apartment Association

October 28, 2021

To: Deputy Mayor Ana Bailão, Chair, Planning & Housing Committee
Members, Planning & Housing Committee

From: Daryl Chong, Greater Toronto Apartment Association

Re: PH28.1 Inclusionary Zoning OPA, ZBA & Draft Implementation Guidelines

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, mostly in the City of Toronto.

Toronto has 310,000 purpose-built rental units (2019), of which 243,000 units are in 2,900 buildings owned by the private sector. 225,000 units of the privately owned rental stock were built before 1980, meaning 93% is more than 40 years old.

Primary Rental in Toronto

	# Buildings	# Units	% Total Units
Private	2,893	243,292	78.2
TCH	329	47,881	15.4
Social Housing	239	19,810	6.4
	3,461	**310,983**	100

Data: Toronto MLS 2019 Apartment Assessment

Primary Rental by Decade

	pre-1960	1960s	1970s	1980s	1990s	2000-2019	
Private	42,392	117,083	66,128	5,107	320	12,113	243,143
TCH	1,813	10,403	20,647	8,629	4,184	2,205	47,881
Social Housing	822	546	1,685	6,333	8,364	2,060	19,819

Data: Toronto MLS 2019 Apartment Assessment

Despite the demand for rental, new primary rental supply has been scarce and insufficient for the anticipated population growth. In the past few years there has been an increase in purpose-built rental production, with a rolling 10-year average of 1,644 units per year.

Rental Completions by Year

Toronto Planning – Development Pipeline 2021

Table A.3: Completions by Submarket and by Intended Market

Toronto City	Freehold	Condo	Rental	Total	Condo %
2007	1,524	4,690	572	6,786	69%
2008	2,071	10,058	1,321	13,450	75%
2009	2,231	9,322	920	12,473	75%
2010	1,286	10,923	879	13,088	83%
2011	1,449	14,568	804	16,850	86%
2012	1,528	9,961	1,985	13,474	74%
2013	1,735	11,126	1,681	14,542	77%
2014	1,573	7,777	201	9,551	81%
2015	1,368	28,017	1,364	30,749	91%
2016	1,505	13,428	1,090	16,027	84%
2017	1,849	11,507	815	14,171	81%
2018	1,798	11,816	2,472	16,086	73%
2019	1,559	9,724	3,310	14,593	67%
2020	1,247	13,315	2,714	17,276	77%
Avg 10 yrs	**1,561**	**13,124**	**1,644**	**16,332**	**80%**
Percentage	**10%**	**80%**	**10%**	**100%**	

Source: Housing Now publications, Canada Mortgage and Housing Corporation

Toronto Planning's *Right Sizing Housing Report* (May 2021) notes that 4,114 rental units need to be built each year, for 35 years (2016-2051) in order to fulfill demand. It states, the "*average number of annual rental completions would need to increase by 2,549 between 2016-2051 to fulfill the Base Scenario demand for these units*." The same report concludes:

> *"Given that 4,114 or more rental completions per year has only been achieved once in that time period (in 1993), it is very unlikely that this level of rental development could be achieved consistently in the future without expanded policy and program support for the rental housing sector."*

City's Official Plan sets out the importance to the City of purpose-built rental housing including stimulating the production of the new private sector rental housing supply, as follows:

> *"Investment in new rental housing, particularly affordable rental housing, will be encouraged by a co-ordinated effort from all levels of government through implementation of a range of strategies, including effective taxation, regulatory, administrative policies and incentives."*

The last Development Charges By-law (April 2018) City Council approved a DC incentive for non-luxury purpose-built rental:

"this report recommends a development charges rebate program for non-luxury purpose-built rental projects that effectively doubles the value of the provincial development charges rebate program. Under this proposed program, non-luxury (up to 175% of AMR) units would be eligible for a development charges rebate up to the value of the DC rate increase over the 2013 by-law, potentially freezing the rates at current levels for eligible projects. The total program cost would effectively match the Provincial annual allocation to the City under its program."

Toronto has consistently recommended, and occasionally approved, incentives to encourage more rental production. The expansion of the new Concept to Keys initiative, added to the recent Housing Now and Open Door programs will and have encouraged more rental.

The recommendations in the Inclusionary Zoning report regarding purpose-built rental acknowledges the chronic undersupply, the challenges of building new (even before the pandemic) without incentives and considers the unknown obstacles (logistic and financial) that will materialize as we recovery from the past 19 months. Appropriately it states that "*the City will continue to incentivize the creation of affordable rental housing in rental developments through the Open Door program*."

GTAA supports: this approach to preserve projects in the proposal pipeline; the other initiatives; and encourages additional considerations to generate more new rental supply. We need to work together to bring down the average age of our rental stock of which currently 93% is more than 40 years old. We need to make new rental happen.

For more information, please contact info@gtaaonline.com