

EX30.3.10



January 23, 2018

To: Mayor John Tory
Members, Executive Committee

From: Daryl Chong, Greater Toronto Apartment Association

Re: EX30.3 Development Charges By-Law Review

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.

GTAA met with City staff on several occasions in advance of the release of the background study and proposed draft by-law. We appreciate both the time and opportunity for these candid discussions. In addition to the joint comments raised by our industry stakeholder group (which includes BILD, NAIOP, and REALPAC), the GTAA specifically identified the lack of new supply of purpose-built rental housing as a key issue. The supply challenges need to be examined as do the consequences of imposing increased development charges.

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 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.

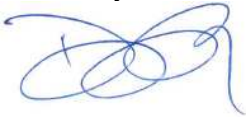
- Development Charges – decrease or exempt
- Development Charges – change formula to remove disincentive for multiple bedrooms
- Section 37 – purpose-built rental IS a community benefit, and should be exempt
- Property Taxes – phased reduction by adding purpose-built rental as “IMIT” eligible
- Permit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

If unchanged, the proposed increased development charges will switch the precious few rental projects (1,200 units/year) from ‘barely doable’ to ‘not doable’.

Toronto continues to grow, and home ownership continues to outpace income. It is more difficult to purchase. Renting is a great choice. For many, renting is the only option.

Instead of increasing development charges, **GTAA respectfully requests that the City thoroughly review, in partnership with the apartment industry, financial incentives that encourage new rental supply.**

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)



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