

October 21, 2020

Mayor John Tory and Members of the Executive Committee
City of Toronto
100 Queen Street West
Toronto, ON
M5H 2N2

Dear Mayor John Tory and Executive Committee Members,

RE: Towards Recovery and Building a Renewed Toronto (EX 17.1)

BILD is the voice of the land development, home building and professional renovation industry in the Greater Toronto Area and Simcoe County. Our industry is essential to Toronto's long-term economic strength and prosperity. In 2019 alone, the residential construction industry in Toronto generated over 118,000 on-site and off-site jobs in new home building, renovation and repair – one of the City's largest employers. These jobs paid \$7.2 billion in wages and contributed \$14.8 billion in investment value to the local economy.

BILD is in receipt of the City Manager's report entitled *Towards Recovery and Building a Renewed Toronto*, as well as the accompanying reports from the Toronto Office of Recovery and Rebuild (TORR). We are aware that these materials provide Council not only with a comprehensive update on how the City has responded to COVID-19 and its far reaching effects on businesses and residents; it also presents opportunities for the City to restore itself – both socially and economically.

The information brought forward by staff is substantial and all-encompassing. The City Manager's report makes six (6) broad recommendations to Council related to continued intergovernmental partnerships and strategies as well as additional reporting for budgetary, public health, equity, and economic recovery considerations. Furthermore, contained within the TORR's *Impact and Opportunities* report, among many other items of discussion, are eighty-three (83) preliminary recommendations and discussions on the City's critical services needed to support the operations of its local businesses, community organizations and residents.

WHAT WE'RE SEEING

The development and building industry was not exempted from the effects of the pandemic and the significant unknowns that COVID-19 continues to produce are yet to be discovered. The evolving uncertainty around the situation has seeped into the businesses of our members and, broadly, there is concern on changing market conditions and the viability of projects across all product types.

Our industry has been impacted with labour restrictions as well as growing challenges with shortages in building and construction materials, the cost of which are also increasing. While rents steadily decline, month-over-month, experts have flagged a weakening market for purpose built rental and pro-forma feasibility challenges.¹ From a non-residential perspective, the lock down on Toronto's office market became more obvious in the third quarter of 2020. Despite the easing of some government restrictions and efforts of landlords and employers to provide safe and healthy work environments, the return to office has been slow. There is a growing awareness and acceptance of the idea of more flexible workplaces and longer-term remote work plans will ultimately result in a more distributed workforce going forward. This has effectively resulted in office demand in downtown Toronto being paused, while the market continues to be flooded with sublease space, prompting higher availability and vacancy rates.² The retail

¹ Altus Group, October 2020

² Avison Young, 3rd Quarter Market Report

landscape has also vastly changed and retailers are pivoting around changing consumer behavior, especially as it relates to the need for brick and mortar stores.³

We are in mutual agreement that the complexity and uncertainty around the situation requires diligent monitoring, ongoing dialogue and fluid responses. BILD and its Toronto Chapter members have reviewed the contents the City Manager and TORR reports in detail, and would like to offer City Council with the following feedback on specific aspects of these reports, as they relate to the work of our members and the City's rebuilding efforts:

SUPPORTING GROWTH THROUGH SERVICE

Section 7.11 – COVID-19: Impacts & Opportunities / Recommendation 76

- a) We appreciate the TORR underscoring in their report that growth and development services are critical and need to be continued to protect the significant economic contributions our members will make in the future. Thank you for recognizing our economic value to the City as well as the role our members play in delivering housing supply and choice. We have a collective interest in ensuring the amount of economic investment that our industry contributes does not go unrealized by the City due to service delays or complexity in the system.
- b) We support and look forward to further assisting the City's efforts to redesign its business process to become more digitally capable and improve its customer experiences. BILD and its members have been actively engaged in the Concept 2 Keys (C2K) program and the underpinning End-to-End Review, and are very supportive of the initiatives that have, and will continue to, unfold from this program.

The Toronto Building review is also of high interest to our membership and we are encouraged that the City is seeking to eliminate multiple reviews and bundle approvals on small projects to fast-track the process of permit issuance. We look forward to being consulted on this at the appropriate time.

SUPPORTING GROWTH THROUGH FINANCIAL SUSTAINABILITY

Recommendations 51, 52, 69, 72 and 78

- c) We acknowledge that you are closely monitoring the implications of development charges and other growth funding tools. We support this recommendation as our members have asked for this in the past.

BILD and its members would like to take this opportunity to reiterate that growth is paying its fair share through the current financial contribution structure which is roughly 25% of the cost of a new home.⁴

Complex, lengthy approval processes in addition to growing contributions – be it financially or in-kind – are adversely affecting our member's ability to continue building the communities the City needs to meet its future growth needs. It is our hope that the City Manager and TORR reports bring a fresh perspective on a number initiatives underway that have the potential to be very problematic to the viability of new development projects. To name a few, these include:

- inclusionary zoning;
- early and deferred development charges payment programs for rental and institutional product;
- community benefit charges; and
- future development charge reviews.

- d) We also support the recommendation to implement reduced development charges for areas of the City that are experience slow growth so that these areas can be activated for revitalization. Lifting restrictive planning policies and requirements would also help spur investment in these areas.

³ Altus Group, October 2020

⁴ Government Charges and Fees on New Homes in the Greater Toronto Area, Altus Group (2018)

- e) We are encouraged to see recommendations contained in the TORR's report related to financial relief and red-tape reduction for small businesses, commercial properties and development charges in low-growth areas.

Supporting economic prosperity in these areas are important to rebuilding the vitality of the City. The City can bolster its efforts through further property tax abatement for small businesses, retail and offices uses. In addition, Council and staff should maintain and enhance its IMIT program.

The vast array of policy requirements at the City are more challenging to smaller development projects and future business-owners, especially if applied in a one-size fits all model. As such, we support the City's direction to take on a small-business-first lens when reconsidering its regulatory regime. As a start, the City should reconsider requirements around parking, as well as replacement policies within the Official Plan. BILD Toronto Chapter looks forward to having further discussion on this with the City Manager and TORR.

SUPPORTING MORE LIVABLE COMMUNITIES

Recommendations 68, 70 and 71

- f) We acknowledge that the City has identified applying a wellness lens to transportation planning, prioritizing gentle density, and improving and refining the use of curb lanes. We are very interested in these topics as well and we look forward to being consulted on this.
- g) We recognize there are some recommendations related to affordable housing and rental that BILD Toronto Chapter members would like to get a better understanding of what it means. We look forward to further discussion with City staff.

BILD and its Toronto Chapter members recognize the incredible feat before us to meet a wide range of needs in the City during this evolving pandemic, while also ensuring health, safety and future prosperity. Only through working together can this be achieved, and we remain committed to being part of the solution. From the onset of the pandemic's disruption, we actively engaged with City staff to openly exchange information on challenges faced in our sector and ideas on how ensure safe business operations in the interest of the economy. We hope you will continue to turn to us as a resource and work in partnership to bring prosperity to the City. As always, we appreciate your open door approach to these discussion.

Should you have any questions or would like to have a follow up discussion, please do not hesitate to contact the undersigned.

Sincerely,



Danielle Chin, MCIP RPP
Director, Policy and Advocacy BILD

*Cc: Chris Murray, City Manager
Saäd Rafi, Chief Recovery and Rebuild Officer
Gary Switzer, Toronto Chapter Chair
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