



October 28, 2021

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

From: Daryl Chong, Greater Toronto Apartment Association

Re: PH28.4 OPA Updating the Definitions of Affordable

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.

While the rationale for considering an income-based definition is understandable, it does not provide any mechanism for increasing the incomes of low wage earners or people who are precariously employed.

The amount people can afford (based on their income) does not reflect the cost of operating, maintaining or building rental housing.

GTAA recommends an approach that would include a financial subsidy to partially make up the gap between the actual cost of building and operating rental housing and the proposed affordable defined prices.

A few possible considerations:

- **Property Tax Parity.** More than 93% of Toronto’s purpose-built rental housing continues to be taxed at the unjustifiably higher Multi-Residential property tax rate (currently more than double the rate applied to houses and condominium units). For decades, lower income families living in purpose-built rental apartments have been overpaying disproportionately high property taxes embedded in their rent (it was more than triple and is still more than double). Lower income renter households have been subsidizing wealthy homeowners (detached houses and condominiums) for decades and the annual overpayment is approximately \$1,000/year/unit, and the accumulated overpayment is massive per renter household.

City Council can move to parity and reduce a typical renter’s rent by \$100/month.

- Property Tax Grant. A supersized version of property tax parity would be a partial or full property tax discount via an annually allocated grant (to ensure compliance).
- Rent Supplements and Housing Allowances. Various rent supplement and housing allowance programs have been successfully used to help with affordability. There has been considerable discussion regarding the implementation of a basic portable housing allowance for a single person (ie, \$150/month) and a proportionately larger portable housing allowance for a small family (ie, \$250/month) as a financial supplement based on an income declaration (tied to annual tax filings). This would be relatively easy to administer, could be activated quickly and would be extremely effective in helping many low-income individuals and families immediately.

The development of new rental housing has been chronically undersupplied for decades. The complete cost of development requires a return that is typically more than the market can afford, so few projects are built. The proposed new definition creates more stress on the return, and the unintended consequence could be fewer projects.

Should the new definitions be adopted, financial subsidies or other initiatives are required to work in tandem. Without financial assistance programs the negative impact may work counter to the intent.

For more information, please contact: info@gtaaonline.com