



July 11, 2022

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Sent electronically.

RE: EX34.3 Growth Funding Tools – Alternative Parkland Dedication Rate

RESCON is writing to provide feedback regarding EX34.3, Growth Funding Tools – Alternative Parkland Dedication Rate, which will be discussed at Executive Committee on July 12, 2022.

RESCON's goal is to work in cooperation with government and related stakeholders to offer realistic solutions to the many challenges facing the residential building industry, which in turn have wider societal impacts.

The City of Toronto, and the Province as a whole, is facing a critical housing affordability and supply crisis. A recent and arguably unprecedented CMHC report already states drastic action is necessary to increase supply and reduce costs. The average home price in Toronto and surrounding areas is over \$1.3 million. Over 400,000 immigrants are coming to Canada each year, many of whom will end up choosing to live and work in Toronto. The added demand will continue to drive housing costs up and unsafe, substandard living conditions in existing occupancies if supply issues are not clearly and urgently addressed.

The industry, as with most of society, is still reeling from the effects the pandemic, which has resulted in decreased on-site productivity, and high costs associated with materials and labour. This is now coupled with high inflation and interest rate hikes.

Taxes, fees and levies imposed on developers currently account for 24% of the total cost of a new home. Changes to growth funding tools and other policy and regulatory changes have resulted more instability during an already unstable period. Increase in fees also hamper the ability of the residential construction industry to build much needed housing of all forms and has exacerbated affordability issues through increases to incurred costs.

The provincial government understands the severity of the housing supply and affordability crisis, which is seen through policies outlined in Bill 109, More Homes for Everyone Act, including the proposal to reduce parkland dedication rate for transit-oriented communities.

We agree with the recommendation in the report that states further consultation with industry is needed, we believe any proposed changes following consultation, and subsequent implementation must consider economic conditions. However, greater oversight in general is needed over how funds gathered from Growth Funding Tools are being used. The principle that growth pays for growth isn't evident as Toronto is riddled with poor infrastructure and as funds gathered from growth funding tools are being used for an ever-increasing pool of policy objectives or left unused – an estimated \$2.6 billion as of April 2022. In many cases, the City offloads responsibility to private industry instead of using funds gained from Growth Funding Tools to fix problems or improve services. This is evident in the City's groundwater foundation drainage policy. Despite storm and sanitary sewer infrastructure being under the purview and responsibility of the City, they have mandated that groundwater be managed onsite through waterproofing the undergrounds of buildings. Instead of addressing the root of the problem –

aging, constrained and antiquated sewers – they are requiring developers to manage groundwater onsite, which is an added upfront cost for new high-rise units.

While it is apparent the City is facing serious fiscal challenges and may currently have limited recourse to additional funding, it is our view that this approach is wrong headed and counterproductive relative to the dire need for housing. This approach is fundamentally regressive and not income tested – it hits those who can least afford new housing the most. In our view, given the critical need for new housing and the already rising costs for builders for a variety of reasons, other solutions need to be explored with senior levels of government. This view has been reinforced by a recent CMHC [report](#) that recommended municipalities explore alternate tools for municipalities to raise revenue.

Sincerely,



Richard Lyall
President

Copy to:

Councillor Ana Bailão, Chair, Planning and Housing Committee
Tracey Cook, Deputy City Manager
Gregg Lintern, Chief Planner & Executive Director
Andrew Flynn, Controller, Office of the Controller
Kerri Voumvakis, Director, Strategic Initiatives, Policy & Analysis, City Planning
Kris Hornburg, Director, Concept 2 Keys

