

Attachment 5: Key Findings from the Urban Land Institute Multiplex Technical Advisory Panel

Urban Land Institute Multiplex Technical Advisory Panel (TAP) – April 2022

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Key Findings

While the scenarios vary, the Panel determined key findings across the three scenarios:

- Flexibility in size, certainty of approval process, and exemption from or a reduction in Development Charges and other approval and permit fees are keys to the financial feasibility of multiplex conversions and new builds.
- The cost of construction will play a big role in determining if a conversion project is feasible. Apart from site and building characteristics, construction cost will also depend on homeowners' familiarity with undertaking such projects, and their ability to effectively negotiate with trades and contractors.
- Multiplex conversions will be more attractive in areas with higher rental rates.
- The feasibility of a multiplex conversion is contingent upon charging market rent

Three scenarios were evaluated by the Panel with varying results:

Scenario 1: Maximized Building Envelope

The Panel found that for this particular vintage and housing type, converting the home into a multiplex through an interior renovation was not feasible due to lack of homeowner appetite, scope of work, diminished livability and security. An alternate design format of demolishing the existing house and building a new condominium model multiplex development with three to four vertically stacked units may be feasible in partnership with a small scale developer/builder.

Scenario 2: Bungalow

The smaller square footage of most existing bungalow stock in Toronto and general lack of rear extensions led the Panel to determine that renovation of a bungalow into a multiplex is not financially feasible. It could be feasible in higher rent neighbourhoods with a new build that maximizes the potential of the site (constructing a vertical addition on the existing building).

Scenario 3: Narrow Lot, 2 Or 3 Story Vertical Home

From a demand perspective, this property type is most conducive to a multiplex conversion because it would be competing directly with condos and many other low-rise rental options.

Recommendations

- Explore ownership model: Although a rental model can exist, the panel suggested that it is worthwhile to consider an ownership model, which could help first-time homebuyers purchase units in existing neighbourhoods
- Explore homeowner developer partnership models: There is an opportunity to enable effective partnerships between small-scale developers and homeowners for this type of single dwelling conversion to multi-units. This may facilitate effective risk-sharing model opportunities, financial benefits, and enhance a project's quality.
- Development Charges: Consider waiving or reducing Development Charges and expanding the parameters of exemptions to make multiplexes more financially attractive to homeowners.
- Zoning & Approvals: To facilitate the feasibility of multiplex conversion projects by a homeowner, the approvals process should be simplified. As is, the number of approvals and time it takes to gain permission are major barriers to overcome, where little incentive exists, given the small potential margin of profit.

Further Considerations

Throughout the feasibility exercise, many ideas, challenges and opportunities emerged that fell outside the scope of the given problem statement. The Panel believes these items deserve further consideration and should be investigated as part of next steps in advancing low-rise housing in residential neighbourhoods.

The list includes: Entrances, Parking, Demographics and Target Market, Moving Costs, Infrastructure, Fractional Ownership, 200 vs 400 AMP service, Variances to "materially consistent with prevailing physical character", and Incentives.