

November 24, 2022  
Toronto City Hall  
100 Queen Street West  
Toronto, ON M5H 2N2  
Attention: Sylwia Przedziecki

### **RE CC1.2 Update on Bill 23, More Homes Built Faster Act, 2022 (Ward All)**

Dear Mayor and Members of Toronto City Council,

Social Planning Toronto is a non-profit, charitable community organization that challenges inequity in our city — through knowledge generation, debate, civic engagement, advocacy, and collaboration — to spark social and policy change. We work with residents, community leaders, and frontline service providers across Toronto.

Affordable housing has always been a top issue affecting our stakeholders, but since the pandemic began, the housing affordability crisis has reached new heights. The average rent for a one bedroom in the city, increased by 47.8% between 2011 and 2021 compared to inflation in Canada at 19.12%. In Toronto, 40% of tenant households live in unaffordable housing, spending 30% or more of their income on shelter, and more than 80,000 households wait for subsidized housing from the City. Not only are tenants overpaying for housing, but residents are being forced into homelessness. More people are applying to the City's Rent Bank, and the City's own data show that although shelter capacity is increasing, on average 40 people are turned away each night. At its current state, Social Planning Toronto has grave concerns that Bill 23, More Homes Built Faster Act, 2022 will only exacerbate the current housing crisis, resulting in serious and long-lasting negative impacts on housing affordability in Toronto.

Bill 23, if passed as written, will affect affordable housing in Toronto through 3 major changes:

- 1) This Bill will significantly weaken Toronto's rental replacement by-laws, permanently altering the city's housing landscape. By removing the requirements for developers to replace rental units when demolishing an existing building, Bill 23 will allow developers to evict tenants and remove their rights to return to a unit of comparable rent. According to the City of Toronto, this policy has prevented the net loss of over 4,000 rental units since it was passed in 2006, allowing tenants the right to return to their building, along with relocation support during the construction of the new development, including rent supplements, and moving costs. Without strong rental

replacement policies, developers will be permitted to evict tenants, likely increasing homelessness rates. While new housing will eventually be built, the net loss of thousands of affordable rental units across Toronto will also grow substantially, defeating the purpose of Bill 23 to build more homes.

- 2) Ontario gave municipalities the power to implement Inclusionary Zoning (IZ) by-laws, which gave cities a tool to build affordable housing in certain areas and they permitted municipalities to determine the set-aside rates and affordability periods that were appropriate for each jurisdiction. After giving cities a way to address housing affordability, Bill 23 is proposing to override those policies that were determined through a democratic process, informed by extensive consultation from both community and industry stakeholders. This bill will cap Inclusionary Zoning rates at 5%, significantly reducing the amount of affordable housing that developers must build. than would have been produced under the IZ policy that Toronto City Council recently passed. Bill 23 will also reduce the time that the units must remain affordable from 99 to 25 years, impacting the long-term affordability of housing.

SPT's past research into IZ policies has shown that major cities across North America such as New York, San Francisco, Boston, and Montreal have successfully dedicated 10–35% of new developments to affordable units. In 2021, Social Planning Toronto released, *Opportunity Knocks: Toronto City Council's Chance to Create Tens of Thousands of Affordable Homes*, a report on Toronto's proposed Inclusionary Zoning by-law. This report demonstrated that an evidence-based IZ policy set at 10-30% set-aside rates could create more than 3,000 affordable rental units every year in Toronto, while still leaving developers throughout the city a motivating profit margin of at least 15%. Bill 23 is proposing to reduce the required set-aside rate to a maximum of 5%. This lowered rate will directly impact Toronto's ability to fulfill its commitments made in the City's affordable housing plan, *HousingTO 2020-2030*. Reducing the set-aside rates will significantly impair the ability for Toronto to use IZ to address the affordability crisis.

SPT's research on IZ policies from other major cities also indicated that reducing the affordability period of units built through IZ from 99 to 25 years goes against best practices developed through decades of IZ implementation in the US, where longer affordability periods are the trend. Reducing the affordability of units to only 25 years will only pass on the costs of affordable housing to the next generation.

- 3) Last year, Toronto City Council passed a new definition of affordable housing which ties affordability to a percentage of one's incomes. Yet, the bill proposes to change the definition of affordable to no greater than 80% of Average Market Rent. Rates of affordable rent that are based on the median rent charged by landlords, results in rental rates that would be 50% above the rent affordable to the average income of a single person. This ultimately shifts the definition of affordable housing to be determined by developers, as opposed to what tenants can actually afford. This was a major change that housing affordability advocates fought for to ensure that when affordable housing is built, it is truly affordable and not subject to fluctuations in the rental market.

We urge Toronto City Council to take urgent and immediate action and advocate to the Premier, and Minister of Municipal Affairs and Housing to reconsider the changes to Bill 23 that will significantly impact affordable housing in Toronto, including the removal of the rental replacement policy; the limitations to Inclusionary Zoning; and changing the definition of affordable housing from income-based to market-based. These changes will not only dismantle important policy decisions that have been made through extensive consultation and have shown to be effective in preserving and building affordable housing, but they also pose a threat to local democracy by overriding the decision making of municipalities.

Sincerely,

Jin Huh  
Executive Director  
Social Planning Toronto