



Item EX3.1 Housing Action Plan 2022-2026
For the Executive Committee on
March 21, 2023

Below are the main points for discussion from the attached submission with an addition comment on rental replacement accommodation.

- **Cost pressures to consider**
 - Construction Cost index for Toronto 2022 – 21.9%
 - Consumer Price Index for Ontario 2022– 5.6%
 - Residential regulated rental increases in Ontario for 2023 – 2.5%
- **Labour issues and Shortages**
 - City and its Agency's; and the Developer's role in assisting in training of
 - Superintendents
 - Security
 - Managers
 - Other support staff
 - Trades (for both the construction and ongoing repairs of buildings)
 - All of the above entities need to be proactive to ensure the buildings that are approved and built can be staffed with qualified individuals
- **Insurance, Reserve Fund funding and Repair Costs**
 - Some of the issues outlined are directly as a result of poor or faulty construction
 - Increase in these costs more closely align with the Construction Index above
 - Code violation and lack of adherence to Site Plan requirements are squarely within the responsibility of the City of Toronto
 - Insurance premiums increases of 40-100% between 2018-2020
 - At the same time required deductibles increasing from \$5,000 to \$25,000-100,000 with the norm for self-insurance per incident from two times the deductible to three times
 - Concentration has been put on reducing building costs with no proven record that they get passed on to the consumer, while very little is placed on ongoing function of a building and ensuring its operating costs are optimized
 - We need better built buildings that are optimized for unction if we are going to provide more affordable Condominium residential homes and the City has a role to play
- **Security**
 - Hopefully this "Housing Action Plan" will assist in providing homes for those vandalizing existing properties. The costs of repairs and need for additional security measures are adding to our costs
 - The City is not the last line of defense – We, the individual residents of Toronto are
- **Replacement Rental Accommodation during construction**

We are seeing, in greater numbers old purpose-built rental buildings being demolished to be replaced by larger residential buildings in some form.

 - Where are these residents to go with the lack of any rental units for the approximately 5 years of construction

- We have no guarantee, once zoning approval has been obtained that the rental units will be replaced
- How to address the practice of some landlords and developers from paying their tenants to leave? Should the City require some proof that these tenants have at least been provided with information on their rights

Please refer to the Letter per the following pages for a more detailed analysis



March 19, 2023

Executive Committee

Via email: exec@toronto.ca

Re: Item EX3.1 Housing Action Plan 2022-2026

The Bloor Street East Neighbourhood Association (BENA) is an incorporated non-profit community association located roughly between Yonge and Parliament along Bloor Street west to east and the Rosedale Valley Road to Selby/Charles north to south. Our association has Condo, individuals, businesses, purpose-built rentals and churches amongst our membership.

Our submission and deputation is in support of and an expansion of Attachment 2 – Perspective on the Rental Housing Roundtable. This report is very informative and provides the push/pull in providing rental and affordable housing (at all levels of afford-ability) in Toronto. As our Association has a number of Condominiums as members, we have been discussing the cost pressures we are experiencing and thought it useful to put some further perspective on issues raised in this report. We note that the Condominium sector as a going concern was not represented at the Round Table and we hope this fills in some of that gap.

Condominium Units in the Rental Inventory

Recent reports have indicated, on average 50% of Condominium units are rental stock and Toronto has seen an increased reliance on new units coming on stream to fill the shortfall in the residential sector.

Cost Structure and Rules That Govern

- Monthly contribution to a Reserve Fund to fund a minimum 30-year plan for major repairs and maintenance (with today's super tall buildings should be closer to 50-60 years))
- Annual budgets are prepared and the monthly common element fees are set for the following fiscal year which often does not match the timing a landlord may increase it's rent for a unit
- Condominiums are governed by Condominium Act, 1998; individual Declarations, bylaws and rules. Residential tenants have an additional layer of the Residential Tenancy Act with the Condominium's governing documents trumping the Residential Tenancy Act in most cases.

Common element monthly costs allocation for a typical high-rise Condominium Corporation

- Reserve Fund – 25-50%
- Labour Costs – 30% Management, Superintendent, cleaning, security, outside contractors such as plumbers, electricians, elevator contractors, fire safety inspectors, HVAC maintenance to name some
- Utilities – 20% - Assumes gas, hydro, water, garbage disposal with less for newer Condominiums where some utilities are paid for by the individual unit or are built with more energy efficiency (Toronto Green Standards effect)
- Insurance – 3%

Other expenses the rest such as Auditors, Lawyers amenities

Some of these costs may be less for the Corporation as they are borne by the unit owner and typically paid for by a tenant and are not subject to the Rent Control portion of the Residential Tenancy Act.

Cost Pressures

- Reserve Fund
 - Due to the nature of the replacement parts these costs are more closely aligned to the building construction price index than the consumer price index (See Attachments for the 2022 indexes). The building price index for Toronto increased 21.9% year over year for 2021 to 2022 as compared to the Ontario CIP of 5.6%. (Attached is the Stats Canada reporting).
 - Translation to a monthly common element fee increase – 5.5-10%
 - Interest rate supplement on cash reserves – spread between income and inflation is now negative
 - Additional costs included in the table such as maintenance contracts reducing coverage such as certain elevator parts
- Labour Costs
 - Toronto is experiencing a shortage of all labour to service our buildings
 - For example; there are 3,874 licensed managers in Ontario with 12,400 registered Condominium Corporations (source – Ontario Condominium Statistics produced by the Association of Condominium Managers www.acom.org/publications/condo-industry-infographic)
The above is just one known example of the severe shortage in the labour market resulting in increased price demand or inability to source necessary service providers
 - Sudden large increases in the minimum wage can also add to the increase in monthly common element fees. (The last large increase added a 2-3% increase on top of the other increases. Note they may also have a HST component as they are often supplied by a third party)
- Utilities
 - Natural gas prices have almost doubled over the last two years however, the exact effect is dependent on several factors including the Federal Carbon Tax
 - Electricity has been more controlled and contains an Ontario Energy Rebate (currently 11.7% reduced from the original 31.8% in 2019)
 - Water and waste management which is within the control of the City of Toronto and usage residents (COVID increased usage with work at home models)
- Insurance (Source the Canadian Condominium Institute's Ontario Chapters submission to the Ontario Government's consultation on the issues of insurance in the Condominium industry in Ontario)
 - Increases in premiums of between 40 to 100% between 2018 and 2020 with those with poor claims records up to 200% or uninsurable
 - Deductibles increased from a range of \$5-25,000 to minimum of \$25,000-250,000 per incident
 - Self-insurance per incident from a norm of two times the deductible to three times the deductible (Self-insurance now at \$75,000 per incident or more)
- Other
 - Stealth increases such as the elimination of free for the first incident of a false fire alarm
 - Increased inspection costs, fire safety, Technical Standards and Services Agency

- Building code costs – normal repair cost can escalate due to requirement to bring what requires repair up to the current building code or disability standards (a \$2,500 repair can escalate to \$40-50,000 easily by these requirements eg. replacement or infrastructure costs for emergency generators due to new Code requirements)
- Increase costs for security and repairs due to vandalism
- Non-recoverable legal and other costs with respect to disputes with landlord with respect to tenants' issues are increasing as the percentage of rental units increases

Taking these and other factors into consideration, the industry is seeing monthly common element fee increases in the 7-12% range or more to produce a balanced budget (without using accumulated surpluses) vs the 2023 Rental Control rate for units occupied prior to 2018 of 2.5%.

Recommendations:

- The City should not be overly reliant on the investors in Condominiums for “affordable” units
- The Developers and the City need to find ways to provide programs or pay the costs for the training of support staff post construction and suggest the recommendation 2. (b) of the Roundtable Report, be amended to read “Work across agencies to help build the pipeline into the construction **and post construction** workforce and **develop mentorship programs to assist in retention of the pipeline in particular for those from low-income or other disadvantaged neighbourhoods and/or groupings**”. (Additions in bold)
- We concur with Recommendation 4. To Level the geographic playing field to incentivize infill across all of Toronto
- Our increased costs for insurance and to some extent premature costly repairs and maintenance are as a result of poor/faulty and lack of building work inspection which is partly within the City's control by **better inspection of building during the construction phase** (the Province of Ontario set the Building Code with the City enforcing it)

In conclusion, we hope this provides you with a better perspective of the pressures that we in the Condominium sector are facing today in providing housing in Toronto. While the Condominium sector can provide good rental homes for individuals, it does come with a different set of rules and responsibilities to which the Condominium Authority has provided brochures for tenants as well as landlords in Condominiums which may be found on their website www.condoauthorityontario.ca.

Respectfully Submitted;

Linda Brett, President, Bloor Street East Neighbourhood Association (BENA)

On behalf of BENA

Attachments

Construction Index for 2022

CPI for 2022

c.c. Deputy Mayor McKelvie
 Members of the Executive Committee
 Abi Bond, Executive Director, Housing Secretariat
 Councillors Saxe, Moise
 MPPs Jessica Bell, Kristyn Wong-Tam
 Canadian Condominium Institute, Toronto Chapter
 Condo Authority, Ontario

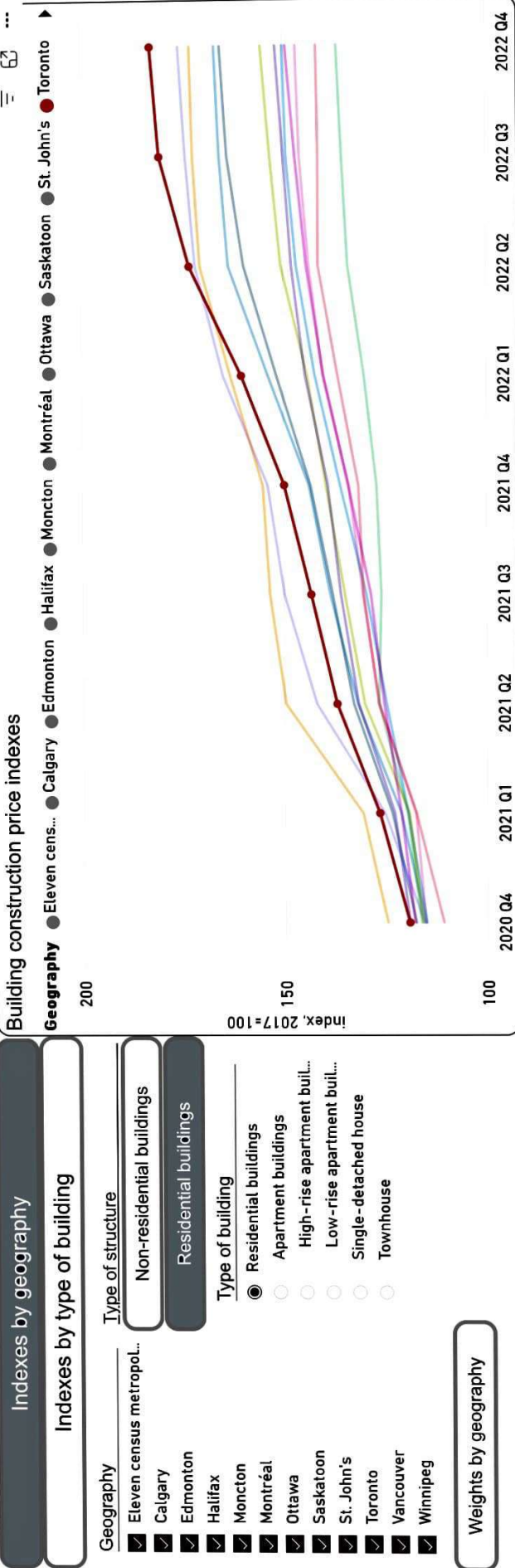
Building Construction Price Indexes Data Visualization Tool

How to use Feedback More information

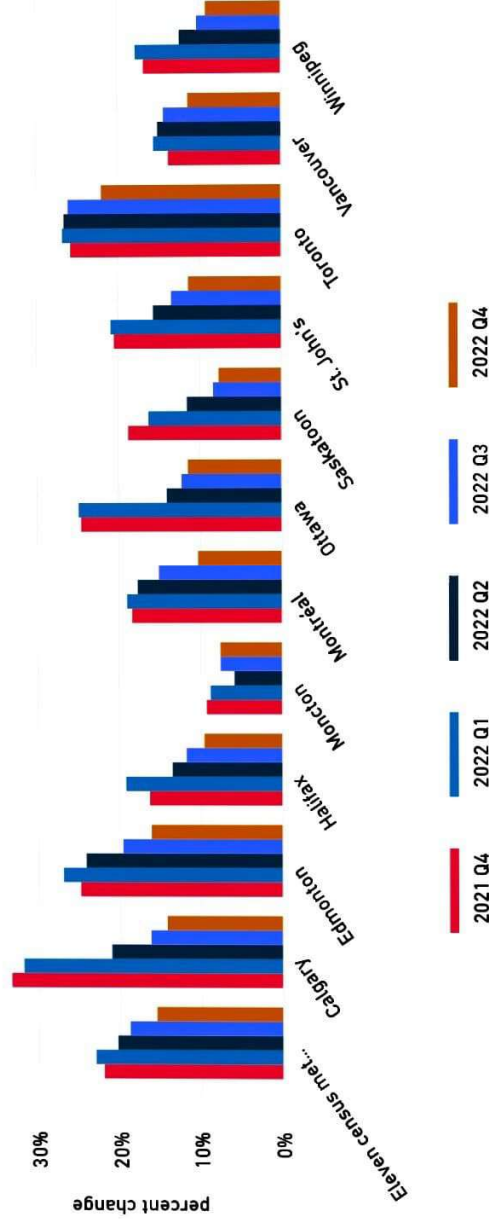
Building Construction Price Indexes: 2022 Q4

Percent Changes: Quarter-over-quarter

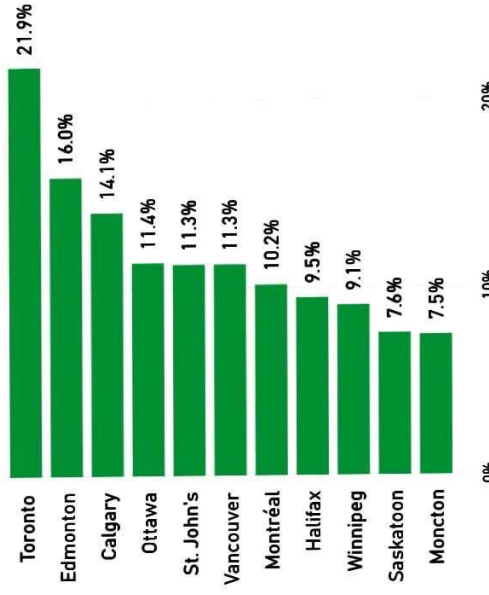
Year-over-year



Year-over-year percent changes



Ranked percentage changes, 2022 Q4



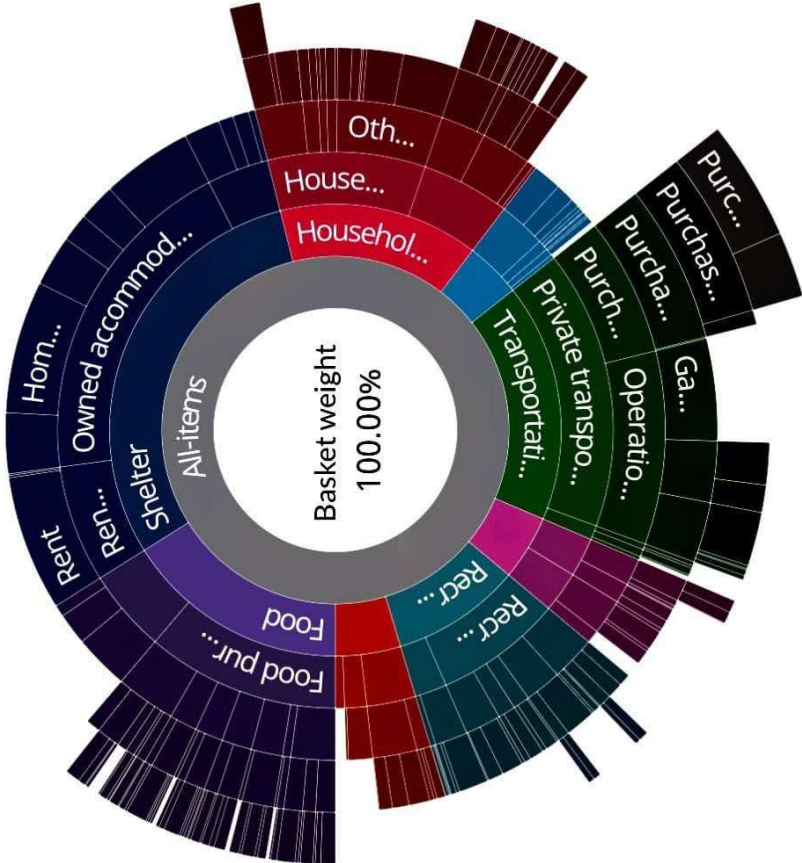
Statistics Canada
Statistique Canada

www.statcan.gc.ca

Canada

Basket Weights, Canada ?

All-items



Indicator

Price change (%)

Basket weight (%)

Percentage change

12-month

1-month

12-month price change (percentage) by geography ?

All-items

