

City Council

Notice of Motion

MM11.16	ACTION			Ward: All
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Rental Demolition Permits and Market Rentals - by Councillor Dianne Saxe, seconded by Mayor Olivia Chow

** Notice of this Motion has been given.*

** This Motion is subject to referral to the Planning and Housing Committee. A two-thirds vote is required to waive referral.*

Recommendations

Councillor Dianne Saxe, seconded by Mayor Olivia Chow, recommends that:

1. City Council recognize the urgency of having large new residential developments include purpose-built rental housing.
2. City Council reiterate the importance of the right to return for all renters impacted by demolition and redevelopment of rental buildings.
3. City Council direct the Chief Planner and Executive Director, City Planning and the City Solicitor to report to the Planning and Housing Committee by the end of the first quarter of 2024 with recommendations on whether and how, when considering rental demolition applications for large rental buildings, to double rental space in replacement buildings by requiring new purpose-built market-rental units within the development, in addition to rental replacement units, as a condition of any permit, including appropriate thresholds for the imposition of such a condition.
4. City Council request the Province of Ontario to amend the Planning Act and/or the City of Toronto Act to authorize the City of Toronto to require that any development benefiting from government incentives for the development of purpose-built rental units maintain their rental tenure for the life of the building and remind the Province of the City's request for inclusionary zoning in order to increase the supply of affordable rental housing.

Summary

Toronto has an urgent shortage of rental housing. New purpose-built market rental apartments are badly needed, especially larger family units, for example, three bedroom units. Affordable purpose-built rental apartments are typically located in ageing buildings constructed decades ago, when the federal government provided meaningful support for the construction of rental housing. Toronto is experiencing an epidemic of applications to demolish these buildings, usually with the intention of replacing them with condo towers.

The provincial government continues to preclude the City from requiring inclusion of affordable housing in new residential developments (inclusionary zoning) with no justification

for their continued delay. For this reason, the City generally cannot currently use inclusionary zoning policies to require developers to build affordable rental units in new buildings as a matter of course.

There is one exception. Section 111 of the City of Toronto Act allows the City to set conditions when approving the demolition of buildings, or groups of buildings, that contain six or more residential units with at least one rental unit. The City does set such conditions, applying requirements in Policies 3.2.1.6 and 3.2.1.12 of the Official Plan and Section 15 of Chapter 667 of the Toronto Municipal Code.

The City's practice has been to require that most rental units, when demolished, be replaced by an equal number of new units "at similar rents" for a fixed period. Tenants who occupied units at the time the redevelopment application was filed are offered the right to return to a replacement unit at generally the same rent they previously paid. Any units not occupied by a returning tenant may be rented up to the maximum rent category for the specific unit (i.e. "affordable" or "mid-range"). These requirements lapse after the fixed period.

The mandatory replacement rental units are typically located within a new condominium building, secured as separate purpose-built rental units and managed by a rental property manager. Any additional rental units in the same project could be cost-effectively managed by the same rental property manager.

The slowing market for condo sales, coupled with the recent federal government announcement that they will not charge GST on materials to construct rental apartments, have improved the economics of building purpose-built market rental housing. Developments that accept government incentives for rental housing, such as the GST exemption, should be required to maintain rental tenure for the life of the building.

It is worth investigating whether the City can require developers who seek a rental demolition permit to keep the replacement units rental units for the life of the building, and to provide additional rental units. When a property owner seeks rental demolition approval, Section 3.2.1.6 of the Official Plan authorizes the City to require "at least" the same number of rental units in the new building, and the Municipal Code allows the City to set conditions which include, but are not limited to, "conditions with respect to the impact on the supply of rental housing".

More broadly, the provincial government should authorize the City to require, and to preserve, rental tenure in large residential buildings, especially where the owner has accepted government incentives to build rental housing.

Background Information (City Council)

Member Motion MM11.16