



**MORE NEIGHBOURS
TORONTO**

Dear Mayor Chow, Councillor Carroll and Members of the Budget Committee,

RE: BU - 2024 Capital and Operating Budgets

About More Neighbours Toronto

[More Neighbours Toronto](#) is a volunteer-only organization of housing advocates that believe in building more multi-family homes of all kinds for those who dream of building their lives in Toronto. We advocate for reforms to increase our city's ability to build more homes in every neighbourhood. We are a big-tent organization with members across the political spectrum who are committed to counterbalancing the anti-housing agenda that has dominated Toronto's politics, created an affordability crisis, and cost burdened a new generation of aspiring residents. We are firmly committed to the principle that housing is a human right and believe Toronto should be inclusive and welcoming to all.

Summary

More Neighbours Toronto was pleased to see the prioritization of housing initiatives reflected in the proposed budget. These had broad support in the pre-budget consultations. For Toronto to be successful, we must address this urgent challenge.

In particular, we note:

- A more limited reliance on development charges and a move towards funding affordable housing and other programs through the broader tax base, which we view as a more equitable and sustainable approach.
- The costs of delays on housing, including the affordable rentals of the HousingTO Action Plan. This, in combination with the outcomes that must be demonstrated to receive Housing Accelerator Funds, makes a strong case for prioritizing zoning reform and process improvements in City Planning.
- The City predicts an increase in required shelter beds in future years that is not consistent with its claimed Housing First approach to homelessness. The increasing length of shelter stays and growing rates of chronic homelessness demonstrate the need to fund more permanent housing options, but also raise questions about the City's ability to prioritize and deliver on its existing plans.
- We appreciate the more long-term financial planning that the City is doing but believe that a change in culture and perspective is needed to recognize the benefits of new residents to Toronto's future as a growing and innovative city that welcomes everyone.

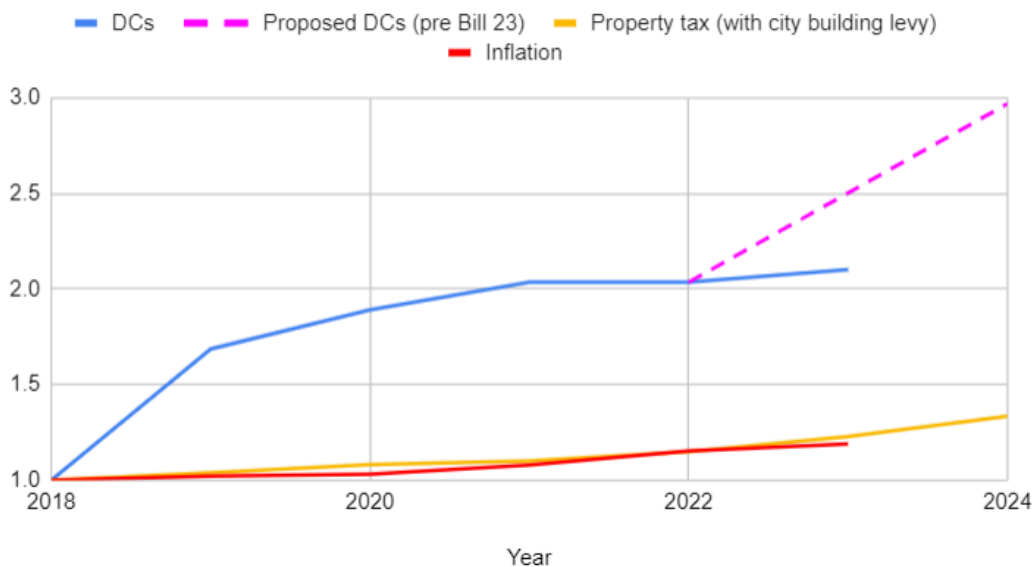
We expand on these thoughts in more detail below.

A sustainable and equitable funding approach

More Neighbours Toronto supports the proposed property tax increase and re-iterates [our position from 2022.EX34.1](#) that, **of the tools currently available to the City, property tax increases are a more equitable and sustainable way to fund affordable housing and other social programs than taxes and fees on new housing.** High development charges slow housing production, increase housing costs for new residents and exacerbate tax burden inequity.

In Toronto, just the development charges for a 1-bedroom apartment are the equivalent of 10.5 years of property taxes (\$37,081), with parkland dedication and community benefits charges adding more costs. Prior to the changes in Bill 23, proposed increases for 2024 would have been the equivalent of 13.7 years of 2024's proposed average property tax bill. Development charges do not reflect the actual infrastructure used, nor the square footage created, and there is no rebate for denser housing forms that are more efficient to service. This upfront cost sets a minimum threshold on who gets to live in Toronto. It is little wonder that the only young people and newcomers who can afford a home in Toronto have family help or are underhoused. The City has to waive these fees to entice builders to bid on its own Housing Now projects, and organizations like [Habitat for Humanity GTA](#) warned that increased fees and taxes reduce the number of affordable homes that they can build.

Changes since 2018



Development charges (DCs) on a 1-bedroom apartment have doubled in recent years, while property taxes have been roughly in line with inflation. Recent changes in Bill 23 prevented Toronto from increasing DCs to 3 times their 2018 level.

The City's desire to build affordable housing is laudable but the City spent years lamenting the downloading of costs from provincial and federal governments, only to turn around and download these costs onto new residents, with predictable negative consequences. No amount of repeating "growth pays for growth" could make sense of a scheme to fund affordable housing by using development charges from other affordable housing. Even

though this shift from development charges toward other funding mechanisms was provincially mandated through Bill 23, it is the right move.

Social housing and other social programs should not be the disproportionate responsibility of new residents but of society as a whole. **We also encourage the City to make faster progress in equalizing the residential and multi-residential tax rates to avoid the tax burden continuing to disproportionately fall on renters.**

Invest in zoning reform and process improvements

Toronto is in a housing crisis yet continues to have one of the [longest average approval times](#). Every month of delay can [add \\$250,000 to the cost of a 100-unit apartment building](#), yet City Planning metrics demonstrate that most applications are not approved even by the too-long 18 month target.

Service Level Measures						
Development Review, Decision & Implementation	% of complex OPA/Rezoning decisions within 18 months	29%***	32%***	80%	43%***	●

City Planning service level measures from the [2024 Budget Note](#).

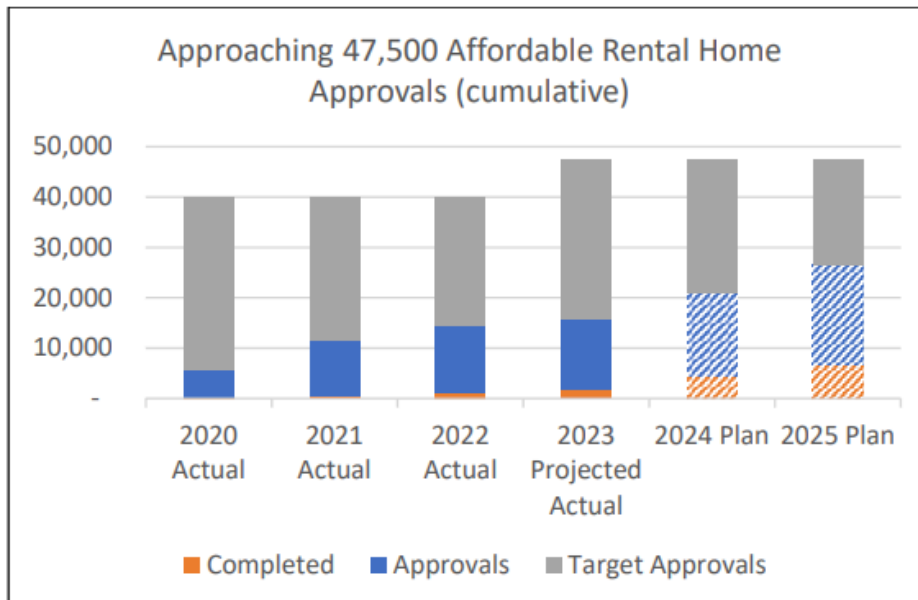
Site-specific rezonings currently take up a large amount of staff time and, while necessary for large and complex projects, this piecemeal approach focused in a few growth areas is a poor substitute for broader reforms that would allow more housing as-of-right throughout the city, negating the need for so many separate rezoning applications. Consultations are often a forum for residents to discuss broader community issues (traffic, parking, schools) that are unrelated to specific projects and would be better dealt with by other planning tools or Council motions. **Although broader zoning reforms require staff time to implement initially, they would save significant time and money in the long run.**

The cost savings of proactive zoning reform are beyond the capacity of More Neighbours Toronto to estimate. There were more than 400 hours of public consultations related to planning last year. Some were undoubtedly productive, but a substantial number of applications were the result of out-of-date by-laws or delays in other City Planning work. For example:

- The pre-amalgamation zoning that required an amendment that delayed modular supportive housing at 175 Cummer Ave. for years. Costs included staff time to prepare and speak at the Ontario Land Tribunal, as well as storage costs for the modular homes.
- An [amendment for a pre-amalgamation Zoning By-law from 1997](#) to allow seven storeys instead of six. The site is 2.5 blocks from the intersection of the Sheppard and Yonge subway lines.
- Every site-specific rezoning that meets the requirements of the Yonge-Eglinton Secondary Plan but that was submitted in the 5 years between Secondary Plan approval and the zoning implementation, which is still not complete.
- The significant time and consultation that was put into the delineation of Major Transit Station Areas but which [did not increase density](#). The process was treated as a

conformity exercise with provincial legislation rather than as an opportunity to expand transit-oriented housing in Toronto.

Particular mention should be made of the role that zoning and planning have played in delays to Housing Now and other affordable projects. Many sites were initially proposed with lower heights and densities than nearby private developments. Height and density are closely linked to the affordability that can be achieved and, of course, the overall number of homes. In the years that projects spent going through the zoning by-law amendment process, rising interest rates and construction costs made projects infeasible, necessitating more rezonings to avoid decreased affordability. [City policies related to shadows](#) and floor plates have likewise limited the number of affordable homes delivered and increased costs. We encourage the City to be ambitious in the heights and densities proposed on City-owned land, but also to re-examine performance standards and be proactive in revising zoning on potential sites. A generational transformation of housing must imagine what the city and community could look like in two decades and plan buildings for that.



Completions lag far behind approvals of affordable rental homes in the HousingTO 2020-2030 Action Plan. From the [Housing Secretariat's Budget Note](#).

In addition, **broader rezoning can be designed to make use of latent infrastructure** in communities with declining population or excess school capacity, reducing the need to fund new infrastructure or upgrades.

These zoning reforms have recently taken on an additional importance for the budget, with money available through the Federal Housing Accelerator Fund. [The City has committed to significant reforms in zoning, process and performance standards](#), several of which were part of the 2023 Housing Action Plan. However, to receive this money, the City must deliver on its promised reforms and several key items have already been delayed by more than a year, despite the plan being less than a year old. **If the City does not deliver on these reforms, it risks losing the final three installments of this half billion dollars in revenue.**

Key Items from the 2023 Housing Action Plan with their original and revised deadlines

Item	Original HAP EX3.1 March 21, 2023	Updated Plan EX9.3 Nov. 8, 2023	Current Predicted Delay
Multiplexes	Q2 2023	Q2 2023	–
Major Streets	Q4 2023	Q2 2024	6 months
Rear Transition	Q2 2023	Q1 2024 (Q2 2024 in PH8.4)	12 months
Avenues Policy	Q4 2023	Q4 2024	1 year
Remaining mid-rise performance standards	Q4 2023	Q1 2024	3 months
Expanding Mixed Use Areas	Q1 2024	Q1 2025	1 year
Post-secondary housing strategy	Q4 2023	Q3 2024	9 months

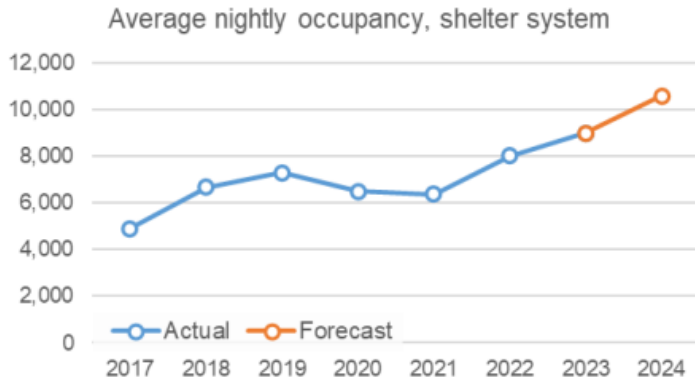
The Generational Transformation of Toronto’s Housing System ([EX9.3](#)) is asking for \$3.7-5.3 billion from each of the provincial and federal governments over the next seven years. This money will go toward much-needed affordable housing that will make Toronto a more accessible and liveable city. The plan is ambitious but achievable and More Neighbours Toronto wants to see it succeed. The City puts itself in the best position by demonstrating through its policies that housing truly is its top priority.

Toronto has been trying to build a case with the provincial and federal government that the City has unique challenges. A stronger political case for these governments is that, while home prices may have been an issue in Toronto first, this has become a regional challenge where higher levels of government have a role. Toronto councillors must therefore demonstrate an understanding that broader societal interests have to be prioritized over a handful of existing residents who look to their local councillor to defend them from minor changes in Canada's largest city.

Toronto should not use zoning to keep wealthy neighbourhoods with excess infrastructure and school capacity exclusive. Toronto should not frame community benefits as a negotiation about what amount is sufficient compensation for enduring new neighbours. Toronto should not prioritize the opinions of existing residents about aesthetics over the interior floor space or energy costs that future residents will experience. This will demonstrate that Toronto is a serious and reliable partner.

Housing First approach to homelessness

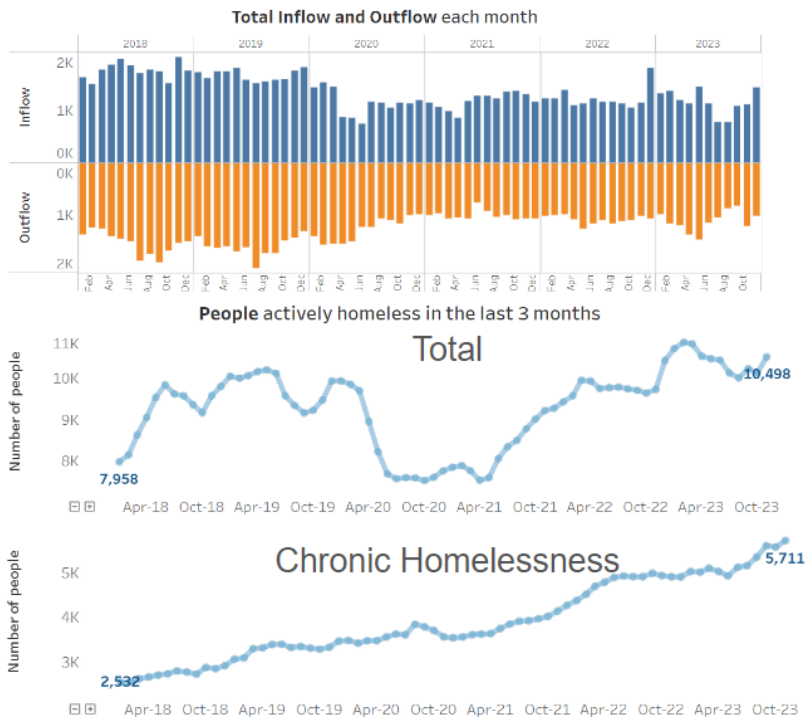
Toronto Shelter and Support Services claim to have a Housing First approach to homelessness. A true Housing First approach would aim to reduce homelessness. Instead, Toronto’s budget plans for homelessness and shelter use to increase in the coming years.



Planning for increased homelessness

<https://www.toronto.ca/legdocs/mmis/2024/bu/bgrd/backgroundfile-242122.pdf>

A lot of discussion has focused on those coming into the system, but the City’s own housing dashboard and the TSSS budget note make clear that longer shelter stays are also a factor in high occupancy. This is due to difficulties that shelter occupants have in securing suitable permanent housing. **High rates of homelessness are related to high housing costs and low vacancy rates.** Every shelter space that is occupied for long periods today is the result of a failure to provide enough housing yesterday. All of the Housing First training in the world won’t help staff find homes that don’t exist.



Inflows to the shelter system are lower than pre-pandemic but outflows are down as people remain in shelters longer. [Source](#).

A sustainable funding plan for Toronto's future includes a plan to reduce chronic homelessness by building more homes. Permanent housing is more cost effective - supportive housing is ~3.3x cheaper than shelters and social housing is about 10x cheaper - in addition to being more humane and producing better outcomes. A commitment from the City to reduce homelessness through Housing First policies helps make the case to other levels of government for emergency, interim shelter funding without using refugees as bargaining chips.

The City has several plans for more housing, but they are behind schedule and are often delayed by the City's own policies. The City makes the best case for funds from other levels of government when it demonstrates that every dollar goes toward housing construction rather than interest payments, lawyers, and bureaucracy.

The Future of a Toronto with More Neighbours

It is good to see Toronto taking a longer term view of both its financial plan ([EX7.1](#)) and the future of the city, including housing ([EX9.3](#)). However, More Neighbours feels that these initiatives could be more transformative, re-imagining municipal policies to create a prosperous city that is home for all those wishing to build their lives in Toronto.

From "growth pays for growth" to consultations designed to favour the status quo, so many processes in Toronto are holding us back, treating new residents as a problem to be managed, and allowing existing residents to weigh in on who gets to live here and how much they need to be compensated in exchange for allowing it. This is not the design for a welcoming city of opportunity and we must begin the process of changing that.

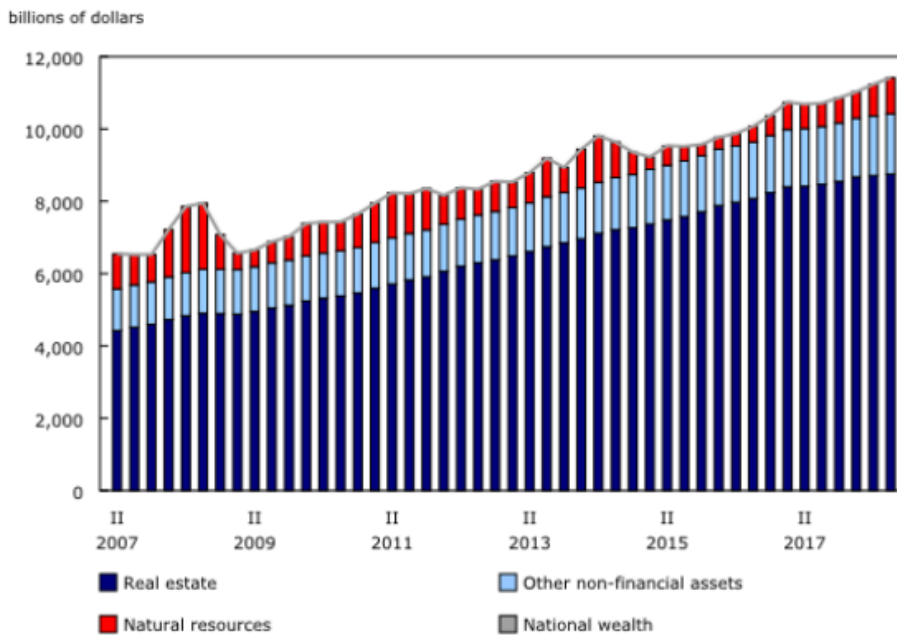
For many years, the budget has asked departments whether they can do more with less. When the answer was no, the question became whether to raise taxes or cut services. **This ignored the secret third option: more density.**

More density means more taxpayers, but also denser areas are often cheaper to service, with fewer roads to plow per resident, for example. More density would include people who are currently priced out, part of the "drive until you qualify" group who currently live and pay property taxes elsewhere. A number of revenue tools that Toronto has proposed - road tolls, a municipal sales tax - are attempts to capture dollars from these commuters, yet Toronto never seems to consider whether any of these people might simply become Toronto taxpayers by allowing places for them to live in the city.



There has been a lot of talk in the budget process of Toronto as the economic engine of the country and a centre for innovation. Absent from this was a recognition of the people who have made this possible and the way that housing affordability is eating away at Toronto's potential. Businesses, the healthcare sector and even the City itself are struggling with recruitment and retention because [much of the workforce has been priced out of Toronto](#).

On top of this, renters, commuters and businesses who work to make the city the valuable place that it is see those gains go to local landowners while Council often objects to taxing this wealth. Admittedly, a property tax is an imperfect tool for this, punishing those who construct needed housing, from garden suites to denser apartments. Taxes on the full property value encourage developers to demolish existing buildings and leave the land vacant when they anticipate construction delays. A land value tax would solve this and should be included in the new taxation powers that the City is requesting from the province



Distribution of [Canadian Wealth](#).

A land value tax covers the unimproved value of the land, which is largely created by what surrounds a location, much of which is the result of public investment (transit, parks, sidewalks) or nearby businesses and amenities (retail, healthcare, schools). This value is not the result of work that the landowners do but of public investment from everyone's tax dollars or the labour of workers and denizens in the area. Rather than seeing property-based taxes (particularly a land value tax) as a burden that falls on landowners, the City should view them as a way of capturing some of the value that the City itself creates by providing infrastructure and services. **In this way, land value taxes are also a replacement for development charges, but without requiring new residents (especially renters) to indirectly fund parks and other amenities up front that will increase the wealth of existing landowners and exacerbate wealth inequality.**

The group Common Wealth estimates that a land value tax that captures 75% of the land rental value would make [the median home in Canada 42% cheaper](#). Toronto's current piecemeal approach to speculation with the vacancy and land transfer taxes have unintended consequences and any loopholes created to address these can often be exploited by speculators. Land, in contrast, is easy to see and does not require staff time to assess vacancy, exemptions for first-time buyers, etc.

In order to experiment with a tax on land value, the city should advocate to the province to update MPAC and grant it the right to set different rates for property and land.

- 1) **Update Property Assessments:** MPAC assessments are still fixed to 2016. This is particularly egregious, given prices have risen **faster for ground-oriented housing than for multifamily housing, apartments, and condos**. This means that owners of multifamily housing pay a disproportionate amount of property taxes in practice compared with the generally wealthier residents who can afford ground-oriented housing.
- 2) **Add Land Value To Property Assessments:** MPAC currently assesses the value of the property and the value of any buildings on a property. It could derive a Land Value simply by subtracting the latter from the former.
- 3) **Allow Toronto To Set Different Rates On Land vs Buildings:** The province does not need to stipulate what rates Toronto should charge on land across commercial, mixed use, and residential land. Toronto simply should have it as a tool to define.

Some residents who currently own valuable land that they purchased before its rapid increase - including seniors and those on fixed incomes in low density housing - would struggle with an immediate change, but a land value tax could be implemented gradually, as a replacement for property taxes. Toronto has a number of programs, including property tax deferrals, as well as rent bank and eviction prevention programs, that should be used to facilitate a transition. The alternative is what Toronto has always done, which is to suggest that increases to broad-based taxes cannot be implemented because of these special cases. This is the route that has led us into budget shortfalls. If you continue with it, we will find that, two decades from now, we will still have two-storey homes next to Danforth subway stations that have increased millions of dollars nearly tax-free while low-income residents are bused

to these stations with less frequent service because we refuse to collect the money that would allow us to do better.

Making Toronto more sustainable in the long term is crucial to Toronto's and Canada's success, but there are no quick fixes. The housing and budget plans are key and should imagine the kind of city that we want to be decades from now - innovative, full of opportunity, welcoming to all those who want to contribute to our vibrant urban life - then think about how to get there. More Neighbours Toronto will continue to encourage the provincial and federal governments to make the investments in housing that will make this possible. To make the best case, the long-term funding deal should be structured in a way to encourage growth and reduce parochialism, providing Toronto with reassurance about infrastructure funding, but also ensuring that this infrastructure investment will be well-used with dense housing and inclusive communities.

Sincerely,
Colleen Bailey,
More Neighbours Toronto