



November 1, 2024

Via e-mail: exc@toronto.ca

Re: EX18.2-Build More Homes: Expanding Incentives for Purpose Built Rental Housing

Mayor Olivia Chow and Members of the Executive Committee
Toronto City Hall
100 Queen Street West
Toronto, Ontario
M5H 2N2

Dear Mayor Chow and Members of the Executive Committee:

We are pleased to take this opportunity to share some comments with respect to the above noted item that is before the Executive Committee on November 5th, 2024.

As you know, RESCON is Ontario's leading association of residential builders. We are committed to providing leadership and fostering innovation in the industry. Our members build the vast majority of the residential homes constructed across Ontario.

In general terms, we support initiatives that aim to facilitate the construction of residential homes in Toronto as we collectively contend with the most significant housing affordability and supply crisis in the history of the City and more broadly, the province.

However, we also recognize that it is critical that any action undertaken by the City represents a realistic path to achieving the stated goal of building more housing units.

The Build More Homes: Expanding Incentives for Purpose Built Rental Housing initiative is *prima facie* a commendable undertaking. However, when reviewed with increased focus, it is difficult to envision a scenario where the plan will actually be able to support the objectives of the proposal as enunciated.

.../2

A crucial component of the overall target (20,000) contained within the proposal is an additional financial contribution of \$8.3 billion from the provincial (\$1 billion) and federal (\$7.3 billion) governments. With considerable financial requests already on the table to these senior levels of government, it is tenuous to say the least that this funding will ever be realized. Therefore, in terms of the broader housing target contained within the proposal actually being funded, the realization of the initiative's objectives is elusive at best.

While the City's initial stated goal of 6,000 units funded by the municipality (\$325 million) seems more achievable, the proposed conditions on projects will most likely negatively impact the success of the initiative.

A 15% property tax reduction for 35 years, and a deferral of development charges for as long as a development "maintains rental tenure," would appear an attractive proposition, however conditions including the 40 to 99 year target component and particularly the minimum 20% affordable component likely negates any reasonable prospect of a development being financially feasible under this program.

More broadly, if the City is to effectively support residential housing construction, action must be taken with respect to exorbitant taxes, fees and levies. For example, a further 24% increase in development charges this year alone to date is contributing to a freeze on new housing starts because they are simply not economically viable.

The reality around DC's is compounded by dual (City and provincial) land transfer taxes, glacial and cumbersome development approvals processes, unreasonable and outdated zoning regulations, restrictive densities, inexplicable employment land regulations that are inflexible, lack of modernized processes, impractical urban design guidelines and ill-advised policies with respect to municipal green development standards that are adding significant costs and complications to the process of building homes.

As noted, we continue to support any undertaking at any level of government that seeks to support residential construction that potential homebuyers and renters can afford, however it is critical that attention be focused upon making impactful and practical changes that will actually deliver results for purchasers, builders and stakeholders.

Thank you again for the opportunity to share our comments and concerns.

Yours truly,



Richard Lyall
President