



November 5, 2024

To: Mayor Chow
Members, Executive Committee

From: Daryl Chong, Greater Toronto Apartment Association

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

The Greater Toronto Apartment Association (“GTAA”) represents the interests of the multi-family, purpose-built rental housing industry. Our members own and manage more than 150,000 units of multi-family, purpose-built rental housing across the GTA, mostly in the City of Toronto.

Toronto needs more purpose-built rental housing. New rental housing has been chronically undersupplied for decades.

Toronto Planning Development Pipeline Reports

	Freehold	Condominium	Purpose-Built Rental
2007	1,524	4,690	572
2008	2,071	10,058	1,321
2009	2,231	9,322	920
2010	1,286	10,923	879
2011	1,449	14,568	804
2012	1,528	9,961	1,985
2013	1,735	11,126	1,681
2014	1,573	7,777	201
2015	1,368	28,017	1,364
2016	1,505	13,428	1,090
2017	1,849	11,507	815
2018	1,798	11,816	2,472
2019	1,559	9,724	3,310
2020	1,247	13,315	2,714
2021	1,052	15,994	3,224
2022	983	13,194	2,119
2023	1,217	14,076	4,979
10-year avg	1,415	13,885	2,229
5-year avg	1,212	13,260	3,269

Many decades of inaction have resulted in an enormous, accumulated deficit in purpose-built rental housing. This hole has been partially filled by condominium rentals (secondary market). The recent collapse of condominium starts combined with ongoing underproduction of purpose-built rental is extremely concerning. As stated in the report,

“An adequate supply of purpose-built rental homes is central to a well-functioning housing system that can meet the housing needs of current and future residents.”

Despite large demand for rental housing, the economics are challenging, and few projects satisfy viability requirements to qualify and obtain construction financing. The convergence of many negative factors have made it more difficult today, as acknowledged in the report,

“The current lack of purpose-built rental housing in Toronto is likely to worsen due to high interest rates and financing costs, inflation, and increasing construction costs which have resulted in a significant slowdown in new residential development.”

Phase One’s \$325M cost to activate 5,600 new rental homes seems large, but the cost of inaction is larger. It may save some Housing Now opportunities that have been stalled for many years. The funding of the proposed incentives needs to be expanded over and above the foregone revenue raised by development charges and property tax. More net funding is needed. Other municipal costs exist due to insufficient housing. These should be taken into consideration when the City determines what it can afford.

The drastic and sudden reduction in international students is directly related to unavailable housing, typically rental housing. This has negatively impacted colleges and universities. It will reduce ridership on the TTC. It does not help the economy.

“Without immediate action by all orders of government to shape the housing system by ensuring sufficient supply of purpose-built rental homes, more residents, specifically renters, will experience housing instability and potentially homelessness; Toronto’s health and social service sector will face a deepening key worker staffing crisis; and Toronto’s businesses will be unable to attract the workforce and labour supply they need to grow, thereby limiting our economic growth.”

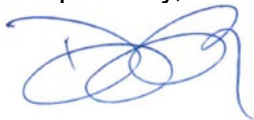
Individual and household incomes are completely unrelated to the cost to build and operate housing. Tethering the incentives to 20% income-based affordable units for 40 years creates financial challenges which basically offset the proposed incentives. The result is, more or less, status quo.

Reducing the affordable requirements will increase project viability. More projects will result in more affordable and market units – both are needed.

Phase Two creates a longer-term opportunity to activate rental sites. Creating a more robust incentive package could deliver rental homes in places where it rarely happens but is most needed. Entitling land is complicated, lengthy and costly. A guaranteed improved Phase Two program will generate more interest and the investment of time, money and effort with the goal of delivering permanent rental homes. More projects with lower affordability requirements will in aggregate result in more affordable units, and create lots of market units.

GTAA Members wish to help deliver new rental homes in significant numbers, we want to work with you to make the numbers work.

Respectfully,



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