

AGENDA FOR GROWTH

Policy playbooks to elevate the city



TORONTO
REGION
BOARD OF TRADE



BETTER HOUSING

POLICY PLAYBOOK

2018 MUNICIPAL ELECTION





CURRENT STATE

Over the past few decades, Toronto has become a recognized global city. As Canada's commercial centre, Toronto's success has been good news for all Canadians and all regions. But staying globally competitive requires a plan of action. One of the most important things Toronto needs to stay attractive for talent and business investment is a better supply of housing and housing options.

Toronto is quickly becoming one of the world's least affordable cities. The Canadian Centre for Economic Analysis notes half of Greater Toronto and Hamilton Area (GTHA) households spend 50% or more of their disposable income on shelter costs. This means finding a place to live in Toronto today comes at the expense of saving for retirement, repaying debt or domestic spending. It also makes Toronto less attractive for new talent and business investment.

The business community agrees that Toronto's high cost of housing is driven by a growing lack of supply. But knowing a problem and doing something about it are two different things. With concern building on the eve of a municipal election, local policymakers must now confront this challenge in a tangible way.

Toronto's problem is partly a by-product of its growth and success. But it's also a problem because of political dynamics. Lot by lot, ward by ward, the City's legal and policy approach has limited the production of new housing rather than encouraging it.

The boldest step voters can take to boost the city's long-term competitiveness is to vote for municipal candidates in the 2018 Toronto election who have the will to fix the city's housing problem. We need more affordable, attainable and desirable housing, located near employment hubs and transit stations. And we need it fast. Unless policymakers facilitate the construction of more housing, we risk losing talented workers and well-paying jobs to other cities.

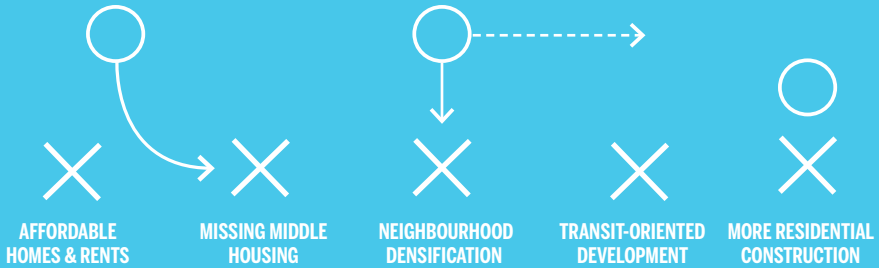
Read our complete series: BOT.COM/AGENDAFORGROWTH

WHAT ARE WE PROPOSING?

INCREASE TORONTO'S SUPPLY AND VARIETY OF HOUSING

Toronto has long been regarded of as an attractive place to live. In fact, its ability to attract and retain talent has been one of Toronto's strongest competitive advantages over other cities. Yet, Toronto's housing shortage poses a serious risk to its talent-dependent competitiveness.

THAT'S WHY TORONTO URGENTLY NEEDS:



HOW WE CAN MAKE IT HAPPEN

To ensure Toronto has a variety of affordable housing options for its growing population, the City must:

GET LAND TO MARKET

SPEED UP PLANNING & APPROVALS

BUILD WHAT'S NEEDED

WORK WITH OTHER GOVERNMENTS

VOICES OF SUPPORT

"If we want to build more houses, faster, to increase affordability and availability, we should look at what can be done at the local level. Compared to all other levels of government, municipalities have the most direct influence over where new housing will go, what type it will be and the number of homes built."

DAVE WILKES,
BILD PRESIDENT & CEO

"Bringing different types of housing to the market that people can afford to buy is key to our long-term market success. The Board's proposals are consistent with our streamlining report and will increase transparency and speed up timelines to help unlock the supply chain."

RICHARD LYALL,
RESCON PRESIDENT

"Municipal government plays a direct role in housing affordability. The options put forward by the Board will address the challenges that all aspects of the market face including renters, home buyers, existing owners and sellers."

JOHN DIMICHELE, TORONTO
REAL ESTATE BOARD CEO

OUR HOUSING PLAY IN 4 MOVES

1 GET LAND TO MARKET

Toronto has one of the largest, most diverse and valuable real estate portfolios of any city in North America. It owns more than 8,400 properties covering in excess of 106 million square feet. One way the City can help increase Toronto’s housing supply is by redeveloping more of its public land. Cities around the world, with even greater housing needs than Toronto, are actively putting their surplus properties to better use in this way. While Council supports doing the same, it should move faster.

To leverage the City’s real estate for its best use, Council established CreateTO to centrally manage its activities — a strategy many cities have used to redevelop land faster and to tap the wealth of their considerable real estate holdings. The Board strongly supported Council’s decision to centralize the City’s real estate services when it was announced in 2016. However, the formation of CreateTO has stalled the process of redeveloping public land for housing. One of the obstacles holding up redevelopment opportunities has been an internal fight over the control of revenue. Some of the 24 divisions, agencies and corporations affected by the restructuring are seeking to benefit from the revenue generated by the sale of City properties and are being uncooperative until such assurances are given. The Board agrees the City is best positioned to holistically manage the City’s assets, and therefore sides with CreateTO’s perspective. To overcome this internal administrative challenge, the Board

encourages Council to use its authority to propose an annual redevelopment target for CreateTO. Considering that our region needs to build another 10,000 homes a year to keep pace with current growth, and that Toronto absorbs one-third of our region’s growth, Council should set a redevelopment target that facilitates the construction of 3,300 homes per year.

Some of the properties being redeveloped by the City must be set aside for affordable housing. While increasing the supply of housing will help keep prices and rents more affordable over the long-term, Toronto still needs housing options for residents who are in no position to purchase or rent a home at market rates. The core problem with leveraging the City’s land for affordable housing projects has been a policy requiring the City to sell its properties for the highest market value. The implication of this is that developers of affordably-g geared units have difficulty competing against developers of market-g geared units for the City’s properties. The Board believes the City can overcome this problem by following the example of the Government of Ontario. When it supports a policy objective, the Province will sell provincial land at below market prices but will book the sales at their full market value. The Board believes this is a positive measure the City can use to partner with the non-profit and for-profit sectors to increase Toronto’s affordable housing stock.

NUMBER OF PROPERTIES SOLD/REDEVELOPED BY BUILD TORONTO								
2010	2011	2012	2013	2014	2015	2016	2017	*2018
1	4	7	0	2	1	3	0	2

Sources: Build Toronto Annual Reports & Committee Meetings
*Year-to-date. Sales after January 1, 2018 fall under the purview of CreateTO.



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SPEED UP PLANNING & APPROVALS

Another way the City can enhance Toronto's housing supply is by speeding up its planning and approvals processes. According to the City, it can take a decade for Toronto neighbourhoods to densify once they have been rezoned. It can take equally as long for developers to obtain approvals for low- and high-rise projects, specifies BILD. There has been a 100% increase in the number of Committee of Adjustments applications since 2009 as residents are forced to build, instead of buy, more space. And according to the World Bank, Toronto is ranked 54 among 190 jurisdictions for development approval efficiency. If Council wishes to build a range of housing options faster to keep up with Toronto's growth, it must do so by accelerating the City's planning and approvals processes.

PLANNING

The City is actively rezoning parts of Toronto through Secondary Plans to increase density. Rezoning is the City's strongest mechanism to increase Toronto's housing supply. The internal group responsible for doing this important work is substantially occupied by competing priorities, such as resolving by-law appeals and designing other city-wide zoning initiatives. Increasing planning capacity in the City's Zoning Section will increase Toronto's housing supply by increasing the number of Secondary Plans the City tackles. This can be achieved by redirecting internal resources and tapping the City's permit reserve to hire more staff on contract. Another impactful measure the City can take is to proactively accelerate its timelines for updating Toronto's Official Plan and associated zoning bylaws. The timeframes of 5 and 3 years respectively established by the Planning Act should be considered guidelines, not targets.

APPROVALS

The City can speed up its process of reviewing development proposals by creating a standard schedule of Section 37 options. Cities including Vancouver, Seattle, Calgary, Chicago and Boston use an approach whereby the density of the development determines the Section 37 fee. While Section 37 requests are an important tool for enhancing neighbourhoods, their negotiation can be lengthy and results divergent. The City can also speed up its processes by moving to a Letter of Assurance model – another tool also used by Vancouver. If desired, the City should seek approval for this mechanism from the Province. Approval decisions can also be accelerated by expediting the deployment of an electronic application portal. Presently, only PDF documents can be submitted to the City electronically for review. Finally, the capacity of the City's Committee of Adjustment Section has not kept pace with the volume of applications for minor-variances and consents, which reached 4,580 in 2017. Adding planners and staff to this group will help expedite the large volume of requests the City receives — saving residents both time and money. Moreover, City data shows that some community planning districts refuse more variance and consent applications than others. The City should therefore issue mandate letters to its four districts to ensure Committee of Adjustment decisions align with Council's housing goals.





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BUILD WHAT'S NEEDED

Toronto has long been regarded of as an attractive place to live. In fact, its ability to attract and retain talent has been one of Toronto's strongest competitive advantages over other cities. However, Toronto's housing shortage poses a serious risk to its talent-dependent competitiveness. A survey conducted by the Board in 2017 on young professionals' housing attitudes uncovered that 42% of respondents were considering leaving the region because of the high cost of housing, which makes saving for retirement, paying off school debt or starting a family more difficult to do.

Keeping Toronto an attractive place for talent requires building more housing that's desirable. So, what is our talent pool seeking? According to the Board's survey, young professionals desire more "missing middle" housing options (characterized by their built form) constructed across Toronto's "Yellow Belt" (a large portion of the city, approximately 40%, zoned for detached residential housing). This means building more townhomes, laneway homes, duplexes and small walk-up apartments in residential neighbourhoods. Simply adding one detached home to every hectare of the Yellow Belt would create housing for 45,000 people. The Board's survey also confirms that young professionals prefer housing that's located close to transit to improve their commute. In fact, young professionals prioritize the ease of getting to work above other factors when choosing where

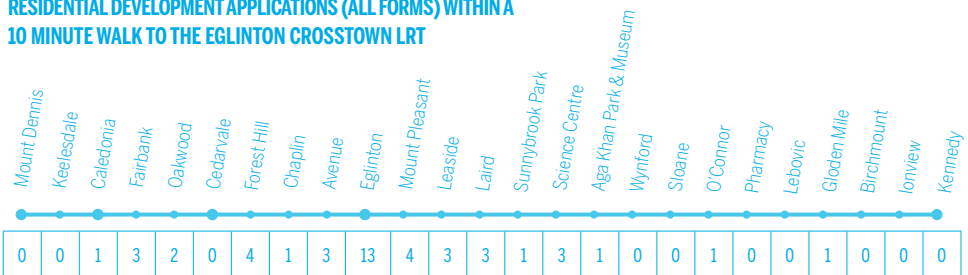
On average, it takes 57 days to obtain a residential building permit for a missing middle housing option – well above the provincial standard of 20 days.

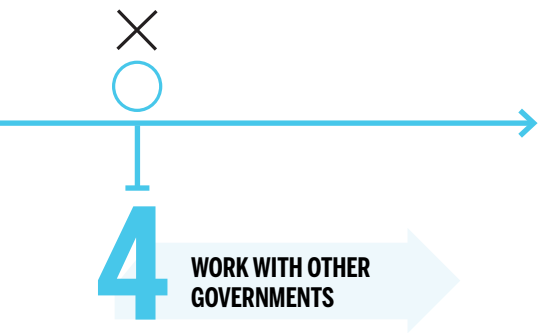
Source: Toronto's Open Data Catalogue

to live. That's why building above and around transit stations is so important. Merely adding an 8-storey mid-rise apartment above 10 transit stations would create housing for 5,600 people.

The Board is not alone in believing that strong action is needed to increase Toronto's housing supply. Other organizations, such as BILD, RESCON and TREB are doing them same. Resolving "not in my backyard" policy barriers, which makes even gentle densification challenging, requires a concerted effort on multiple fronts. It requires ending the *de facto* ban on new housing in the Yellow Belt. It means removing barriers that penalize smaller developments. It requires legal changes to open the market for alternative housing models, ranging from co-ops to vertical severances to purpose-built rentals.

RESIDENTIAL DEVELOPMENT APPLICATIONS (ALL FORMS) WITHIN A 10 MINUTE WALK TO THE EGLINTON CROSSTOWN LRT





The provincial and federal government should do more to help the City increase Toronto's housing supply. To date, the majority of provincial and federal interventions have focused on tempering demand with new taxes and buyer restrictions. While this may have yielded some temporary relief from escalating prices and rents, these efforts are ultimately misdirected. The provincial and federal government should instead focus on solutions that help cities build more housing. This includes redeveloping more public land for housing, tasking Infrastructure Ontario to help deliver affordable housing developments, simplifying Section 37 fees and other development charges and embracing new permitting methods, such as British Columbia's Letters of Assurance model. Toronto's economic success is good for Ontario and Canada. It's in the best interest of Canadians to help cities remain an attractive place to live with affordable housing options.

"Based on current applications, the \$8.4 billion Eglinton Crosstown only generates transit-oriented development for 32,000 people."

Source: Toronto's Development Applications Catalogue



A PLAN FOR BETTER HOUSING

Toronto is competing with the world for top talent and business investment. To win, we must ensure this city is an affordable place to live. With Council's support, as well as support from the provincial and federal governments, we can increase the supply of housing. The Board's *Better Housing* playbook can help address this challenge. Our businesses are focused on growth. To excel, they require the foundation a global city can provide: a positive business climate, a best in-class talent pool and transportation system and affordable places to live. The Board's *Agenda for Growth* municipal advocacy series presents business-minded strategies for keeping Toronto prosperous, fair and competitive.

Read our complete series:
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OUR CITY NEEDS AN AGENDA FOR GROWTH

The City of Toronto is at the heart of Ontario's economic engine. We're the centre of globally competitive sectors such as financial services and advanced manufacturing. Our workers are highly educated, our population is diverse and growing and our quality of life is among the best in the world.

Despite these advantages, Toronto faces urgent competitive challenges. Young people and professionals struggle to find affordable and accessible housing. We aren't approving and building new homes quickly enough to house newcomers from inside and outside Canada. Our business tax rates are substantially higher than in neighboring cities, key city services are still analog in a digital age, and we need to build transit capacity far more quickly for a growing pool of urban and regional commuters to keep pace with growth. We have a new agency to attract foreign investment, but we must do more to retain the firms we already have and protect space for them to grow.

To realize Toronto's full potential, we need a thoughtful strategy for city government, our infrastructure, our economy, our region and the people who live here. This election is an opportunity to take stock of where we stand and where we want to go. We're calling on candidates for Mayor and City Council to champion an *Agenda for Growth*.

Join our conversation online

🐦 @TorontoRBOT #agenda4growth



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