

August 16, 2019

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Ms. Sherri Hanley  
Management Consultant  
City of Toronto  
100 Queen Street W.  
Toronto, Ontario M5H 2N2

**RE: HousingTO 2020–2030 Action Plan — Consultation Input**

Dear Sherri:

I am writing to provide you with input from the Toronto Real Estate Board (TREB) on the current consultation regarding the HousingTO 2020–2030 Action Plan. Thank you for this opportunity.

As you know, TREB is part of the External Advisory Committee established to advise City staff in developing the City's new 10-year housing plan. We are an association of over 54,000 REALTORS® from across the Greater Toronto Area with a unique ability to comment on housing issues, as well as compile reliable data that allows us to provide evidence-based input.

Torontonians are experiencing housing affordability challenges across the housing continuum, from homelessness to affordable rentals, to market ownership and everything in between. TREB urges the City to use this unique opportunity to consider a range of truly innovative housing options and concrete solutions that will address some of the challenges mentioned above, while taking into consideration current and future housing needs.

TREB strongly believes that current affordability challenges in Toronto and the broader GTA housing markets are the result of an **imbalance between housing demand and available housing supply and choice**. **Ensuring adequate, affordable and appropriate housing supply is a priority for TREB and our Members.**



Issues affecting housing supply and demand are complex. The recommendations below are a compilation of our input provided to the External Advisory Committee, as well as our public positions and findings from commissioned third-party research on various municipal and broader provincial housing issues.

## **TREB Recommendations**

### **1. Adequate Housing Supply**

TREB has been a vocal supporter of the need to increase housing supply in Toronto and across the GTA. We strongly believe that inadequate housing supply is the single biggest factor affecting affordability for home buyers and renters. We believe one of the solutions to this challenge is for municipalities to reduce “red tape” and allow for innovative housing options. The recommendations approved by City Council to allow for laneway suites and simplify the rules for secondary units are positive steps in this direction.

TREB has been a long-time supporter of the legalization and facilitation of secondary suites. Now, more than ever, we believe these units can help address the housing challenges we face by making significant contributions to the supply of both ownership and rental housing. TREB looks forward to working closely with the City to find effective ways of encouraging the creation of new secondary suites, as well as developing a strategy to bring most illegal suites up to code and into the legal market. Some of these initiatives can include:

- Ensuring “second suite” is broadly defined to include ancillary and detached structures, such as coach houses and garden suites
- Reviewing building code requirements
- Streamlining municipal property standards requirements for secondary suites
- Completing the implementation of regulatory structure for short-term rentals (e.g. Airbnb) following the conclusion of the current legal hearing process, as short-term rentals may be reducing the supply of rental stock, such as secondary suites
- Devising a comprehensive strategy with all stakeholders, including the financial sector, to encourage new development and legalization of second suites

There are numerous actions that the City of Toronto can take immediately to reduce “red tape” and improve the efficiency of the planning approval process to allow for more housing supply to come onto the market. For example, some actions that can be considered are:

- Pre-designating and pre-zoning land for development
- Ensuring that local Official Plans are updated
- Ensuring that zoning by-laws are updated
- Streamlining and shortening approval processes
- Expediting environmental assessments for critical infrastructure
- Streamlining the list of conditions for municipal approvals
- Prioritizing high-density, mixed-income, transit-supportive development along major transit lines and arterial roads
- Implementing best practices from other jurisdictions that may not currently be allowed in Toronto (e.g. innovative single lot strata)
- Optimizing the use of technology throughout the approval process
- Adjusting Municipal Land Transfer Tax (MLTT) rates and first-time buyer rebates for inflation in housing prices to help encourage mobility and get more existing homes to market. This will also help to ensure the higher tax rates are only applicable on properties over the current average priced home

TREB calls for continued co-operation between the City of Toronto and the province to avoid any new obstacles to the creation of new housing supply in certain wards. We remind all levels of government that housing supply is one of the most important issues in the City and the GTA, and we ask all decision-makers to work cooperatively to make the interests of home buyers, sellers and renters their first priority.

## **2. Affordable Housing Supply**

It is also important to ensure that the supply of housing that is added is affordable. We believe that laneway and secondary suites will help to provide a supply of moderately priced housing, especially for renters. Furthermore, TREB applauds the move by Council to approve the Housing Now Initiative, which unlocks 11 city-owned properties in order to bring 10,000 new residential units (a third of which to be deemed 'affordable').

An important component of affordable housing is the availability (or lack thereof) of rental stock. Toronto continues to be one of the most desirable locations to live in the world. As people continue to move to the region, demand for rental housing has remained strong. Yet, the creation of new purpose-built rental stock has been almost non-existent over the last decade. The result has been heightened competition between renters in an ultralow vacancy environment, leading to high single-digit and sometimes double-digit rent growth in some market segments.

That is why TREB is encouraged to see City efforts, like the Housing Now Initiative, which are meant to re-activate purpose-built rental development, and bring much needed affordable units onto the market.

The City, along with the province, is now considering the benefits of inclusionary zoning, a policy requiring a specific amount of affordable housing in new developments. TREB continues to review all aspects of inclusionary zoning including affordability period, affordability depth, number of units required to be set aside in each development, scale of development, geographic application, transition/phase-in period or other offsite options. However, we recognize that if done correctly, based on potential land value impacts and the financial viability of each development, this policy has the potential to bring additional much needed affordable units onto the market. TREB looks forward to providing a more detailed submission in the fall of 2019 when the draft policy report will be presented to the Planning and Housing Committee.

### **3. Appropriate Housing Supply**

Housing supply issues in Toronto are not simply about how much housing is available for purchase or rent; they are also about whether the type of housing people need and/or would prefer most is available. In this regard, a significant challenge facing Toronto and the GTA is a lack of mid-density, family-friendly housing, sometimes referred to as the “missing middle,” which includes row homes, clustered townhouses, duplexes and multiplexes. According to recent research undertaken by the Ryerson University Centre for Urban Research and Land Development<sup>1</sup>, these home types only account for approximately one-quarter of the City’s housing stock, compared to 70 per cent and 54 per cent respectively in the Cities of Vancouver and Montreal. In the 1946 to 1970 period, 92.5 per cent of homes built could be classified as a “missing middle” home type. In contrast, between 2006 and 2016, only 17.5 per cent of homes built would be classified as falling into the “missing middle” categories.

The above statistics show that there is a constrained supply of housing types that bridge the gap between detached houses and condominium apartments. This means that many prospective home buyers or renters are forced to choose between living in a small high-rise apartment or face a long commute from a “greenfield” area where most affordable detached homes are located.

In addition to a severe lack of mid-density housing, recent research conducted by CANCEA for TREB<sup>2</sup> found that the City of Toronto and the GTA also have high levels of households that are over-housed (e.g. living in homes that have more bedrooms than needed) because, while they would like to move to smaller, “missing middle” type housing, these options do not exist in most traditional single-family neighbourhoods in the City of Toronto. If these households were able to move into more suitable housing, they would free up a potential supply of family-sized housing for other purchasers or

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<sup>1</sup> [https://www.ryerson.ca/content/dam/cur/pdfs/TREB/CUR\\_Missing\\_Middle\\_Housing\\_Toronto.pdf](https://www.ryerson.ca/content/dam/cur/pdfs/TREB/CUR_Missing_Middle_Housing_Toronto.pdf)

<sup>2</sup> [http://www.trebhome.com/files/pdf/CANCEA\\_YearInReview\\_4FLIP.compressed-2.pdf](http://www.trebhome.com/files/pdf/CANCEA_YearInReview_4FLIP.compressed-2.pdf)

renters.

The reasons for this lack of mid-housing options are complex, but they are clearly not a result of lack of demand. Outdated zoning rules are, at least, partly to blame. For example, currently, 40% of the City of Toronto is zoned to only allow single-family detached homes (what is referred to as the “Yellowbelt”). TREB is proposing the following:

- The City to undertake a review of its zoning by-laws and consider changes to allow for mid-density (“missing middle”) development; consider as-of-right zoning for some mid-density housing types where appropriate
- Put in place mechanisms to prevent unjustified community opposition from stopping projects that are consistent with the Official Plan objectives
- Undertake comprehensive communication strategies to articulate the ability of mid-density (“missing middle”) developments to be seamlessly integrated into existing neighbourhoods
- Examine older, less-viable employment areas for lands that are suitable for creating mixed use communities, including a combination of high-density housing, mid-density “missing middle” housing and employment uses conducive to new growth sectors
- Promote the development of “missing-middle” type housing in conjunction with existing and planned transit station areas. A recent study completed by the Pembina Institute for TREB found that transit supportive development significantly increases housing affordability for all age groups.<sup>3</sup>

TREB is supportive of the recent Council motion in July 2019 to consider increased options and planning permissions in areas designated as Neighbourhoods in the Official Plan (known as the “Yellowbelt”). This move signals that the City is recognizing the declining population in many established Yellowbelt neighbourhoods, and is trying to address the over-housed households problem by looking to provide alternative forms of housing, specifically mid-density options, in areas already serviced by existing infrastructure and in close proximity to transit.

If Council approves, re-zoning the Yellowbelt for mid-density development has the potential to bring significant new “missing middle” housing supply onto the market. This should be done in conjunction with a review of lands designated for employment, with an eye towards mixed use development or re-development that would account for a diversity of housing and commercial land uses. TREB looks forward to providing more input in the fall of 2019 when the staff report will be presented to the Planning and Housing Committee.

Tackling housing affordability in the City of Toronto is a complex issue. No one solution

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<sup>3</sup> <https://www.pembina.org/reports/the-way-to-go-final.pdf>

will provide the answer. TREB encourages the City to take this unique opportunity to consider a range of truly innovative solutions and concrete actions across the entire housing continuum, not just supportive and social housing. We look forward to a set of concrete solutions that will address current and future housing needs over the next ten years, and will ensure that Toronto continues to be the economic engine of the province.

The City cannot solve this complex issue on its own. TREB strongly encourages all levels of government to be focused on increasing the supply of housing and facilitating an appropriate mix of housing types and tenures by working together to align their housing strategies.

I hope you find our views on this issue helpful. Thank you for allowing the opportunity to provide input. TREB looks forward to continuing its work with the City of Toronto and other levels of government on issues related to housing supply and affordability.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Collins". The signature is fluid and cursive, with the first name "Michael" being larger and more prominent than the last name "Collins".

Michael Collins  
President

CC: John DiMichele, CEO