

June 6, 2022

Mayor Marianne Meed Ward and Members of Council

City of Burlington
426 Brant Street
Burlington, ON
L7R 3Z6

Sent via email to clerks@burlington.ca

Dear Mayor Meed Ward and Members of Council,

**RE: ITEM 5.2 CITY OF BURLINGTON HOUSING STRATEGY
COMMUNITY PLANNING, REGULATION AND MOBILITY COMMITTEE
JUNE 7TH – BILD FOLLOW-UP COMMENTS**

The Building Industry and Land Development Association (BILD) is in receipt of item 5.2 – City of Burlington Housing Strategy as currently presented on the June 7th agenda for the Community Planning, Regulation and Mobility Committee.

For Committee's reference, BILD has reattached our letter from May 3rd where we initially outlined our concerns with the Housing Strategy during the commenting period provided by staff. Within this initial submission, BILD provided a memorandum by our consultants from Altus Group that outlined a series of questions to staff that have been left unanswered, as well as a sequence of information which would aid the success of this Housing Strategy that has been left unaddressed. To confirm, **we have not** received a response back in writing as kindly requested in our initial submission.

As partners in community building and as key stakeholders in the success of matters such as these, BILD looks forward to a response in writing prior to the adoption and implementation of this strategy.

PRINCIPLE CONCERNS WITH THE HOUSING STRATEGY

Notwithstanding the series of concerns outlined in Altus' unaddressed memorandum dated May 3rd, BILD's principle concern continues to be the minimum targets for housing that the Housing Strategy is based on. These targets are being rushed through as a *Quick Wins* on page 16 (Action 4) of the June 3rd staff report which says *staff would apply minimum targets to the evaluation of the development applications*.

In our conversations with Your Worship at our May 24th leadership meeting, we underscored the importance of targets in strategies such as these and that they should be aspirational policy-based goals rather than requirements for specific development. Committee must understand that having these as requirements for specific development will directly hinder the City's ability to produce livable and affordable homes. BILD, on behalf of our members, the prospective builders of these livable and affordable homes, are asking that these requirements are removed from the Housing Strategy and instead worded as aspirational policy-based goals. **We encourage Committee and City staff to review BILD's previous submission alongside Altus' memorandum for a comprehensive outline of our concerns.**

Thank you for the opportunity to provide these comments. We look forward to further discussions.

A handwritten signature in black ink, appearing to read "Victoria Mortelliti".

Victoria Mortelliti
Manager, Policy & Advocacy

CC: BILD Review Team
Shane Cooney, BILD Halton Co-Chair
Kevin Singh, BILD Halton Co-Chair
Members of the BILD Halton Chapter
Paula Tenuta, SVP, BILD

The Building Industry and Land Development Association is an advocacy and educational group representing the building, land development and professional renovation industry in the Greater Toronto Area. BILD is the largest home builders' association in Canada, and is affiliated with the Ontario Home Builders' Association and the Canadian Home Builders' Association. It's 1,500 member companies consists not only of direct industry participants but also of supporting companies such as financial and professional service organizations, trade contractors, as well as manufacturers and suppliers of home-related products.



May 3, 2022

Alison Enns
Manager of Policy and Community
City of Burlington
426 Brant St.
Burlington, ON
L7R 3Z6

Sent via email to Alison.Enns@burlington.ca

Dear Housing Strategy Team,

**RE: BILD COMMENTS | City of Burlington Housing Strategy
Housing and Development Liaison Committee (HDLC) – April 19th**

The Building Industry and Land Development Association (BILD) acknowledges and thanks City staff for meeting with members of the HDLC on April 20th to present an update to the City's Housing Strategy. BILD believes that constructive dialogue with the industry is essential to offer the greatest chance of success for consensus on this important matter.

Following our HDLC meeting with the City, our consultants from Altus Group provided us the attached submission outlining the industry's concerns with this Strategy. We request that you take our comments into thorough consideration and **provide a response back in writing** with an appropriate time to review.

In addition to this submission, we would like to mention that in the coming weeks BILD and our consultant will be providing comments in advance of the City's Inclusionary Zoning Strategy. Although no material to review has been provided to us as of time in writing this letter, our comments will be based on the IZ interviews the City initiated in April 2022.

Further to this, BILD wants to underscore the importance of fulsome consultation practices during the undertaking of this IZ work. As the City is well aware, Inclusionary Zoning will only be successful if undertaken through a partnership model between developers, builders and the City. We look forward to a series of virtual engagement sessions so that we can comment on the different stages of this work. To refresh the City of BILD's position, we have attached our Inclusionary Zoning Framework.

Thank you for the opportunity to provide these comments. We look forward to further discussions.

Victoria Mortelliti
Manager, Policy & Advocacy

CC: *BILD Review Team
Shane Cooney, BILD Halton Co-Chair
Kevin Singh, BILD Halton Co-Chair
Members of the BILD Halton Chapter*

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May 3, 2022

Memorandum to: Victoria Mortelliti
BILD

From: Daryl Keleher, Senior Director
Altus Group Economic Consulting

Subject: Review of Burlington Housing Strategy
Our File: P-6794 / 6804

Altus Group Economic Consulting has been retained by BILD and WEHBA to review materials related to the City of Burlington's forthcoming inclusionary zoning (IZ) policy and overall housing strategy. This memorandum provides our questions and comments from review of the City's draft Housing Strategy report as authored by SHS Consulting and Dillon Consulting, dated April 14, 2022.

Comments on Recommended Actions

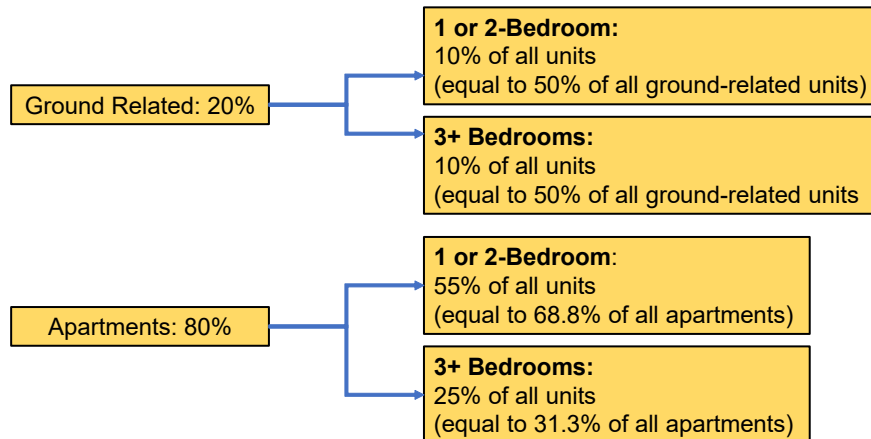
- **Recommended Action:** "provide incentives through a Community Improvement Plan for the development of affordable and rental housing units". The consideration of a CIP is important to enable the City to deploy incentives towards the provision of affordable housing. These incentives should be used for affordable housing, but any other form of housing in demand that the market is not able to provide such as family-sized apartment units.
- **Recommended Action:** "develop an approach to address the low vacancy rate of rental stock in Burlington and the loss of existing rental units". The best way for the City to address low vacancy rates would be to focus efforts on encouraging new housing of all types in the City – the low vacancy rate for purpose-built rental stock has been driven by the lack of new rental housing constructed in the City. Since 1990, only 6.6% of the new housing units completed were purpose-built rental, or just 1,964 units out of 29,558 total. This equates to an annual average of just 61 new purpose-built rental units completed per year. To achieve the target of new rental dwellings being 35% of all new units annually, a substantial jump in activity will need to occur.

Annual Housing Targets and Unit Mixes

The annual housing targets and unit mixes are highly prescriptive with ground-related units being 20% of all new units annually, and apartments 80%. Within each of these categories, there are targets for housing unit mix – these targets combine to be 100% of all housing units, meaning that there is no flexibility built-in to the targets, and such an approach will inevitably result in some shortfalls relative to some of the targets adopted.

How have these targets been derived – are they based on housing demand modelling by unit type and unit size?

Figure 1 City of Burlington, Annual Housing Targets by Size and Type of Dwelling



Source: City of Burlington Draft Housing Strategy, April 2022

The target of 25% of all units being 3-bedroom apartments (or 31.3% of all apartments) is extremely onerous given the high selling prices that are required for these units making them generally uncompetitive with prices for ground-related forms of housing. The average selling price for a 3-bedroom apartment unit in Halton Region is over \$1,000,000.

Figure 2 Quantity of High-Rise Apartment Sales by Unit Type, Greater Toronto Area, 2021

Month	Studio	1- Bedroom	1- Bedroom + Den	2- Bedroom	2- Bedroom + Den	3- Bedroom & Up	Total	3-Bedroom as % of Total
<i>Sales by Unit Type</i>								
Jan-21	8	117	147	271	55	41	639	6.4%
Feb-21	10	247	355	685	166	151	1,614	9.4%
Mar-21	370	919	645	940	195	203	3,272	6.2%
Apr-21	91	1,045	999	1,150	184	129	3,598	3.6%
May-21	102	451	613	774	231	204	2,375	8.6%
Jun-21	20	673	672	1,056	198	142	2,761	5.1%
Jul-21	29	286	502	425	186	57	1,485	3.8%
Aug-21	203	748	866	1,029	185	120	3,151	3.8%
Sep-21	135	529	707	696	229	174	2,470	7.0%
Oct-21	98	697	969	903	245	234	3,146	7.4%
Nov-21	191	1,063	1,027	1,383	324	241	4,229	5.7%
Dec-21	40	402	492	782	303	132	2,151	6.1%
Total 2021	1,297	7,177	7,994	10,094	2,501	1,828	30,891	
<i>Percent</i>								
Share	4.2%	23.2%	25.9%	32.7%	8.1%	5.9%	100.0%	

Source: Altus Data Studio, Monthly GTA High-Rise Market Report

The table above shows all new apartment unit sales in the Greater Toronto Area over the 2021 calendar year. Of the 30,891 sales, just 5.9% were 3-bedroom units, with the monthly share ranging from 3.8% to 9.4%.

Setting a target that 31.3% of all apartment units will be 3-bedroom units, given the relatively slow take-up of these units, will have the effect of delaying or halting projects as sales of larger units will be extremely difficult to achieve, with financing unavailable until a certain percentage of sales are achieved.

By comparison, the City of Richmond Hill is seeking to amend its Official Plan (OPA 18.4) that would require a minimum of 5% of new units in high-density buildings to provide 3-or-more bedrooms.

Housing Targets for Ground-Related Housing

Are the housing targets from the Region's modified Preferred Growth Concept for ground-related housing in the City (20% of all new dwellings) meant to be net new units, or newly constructed units before accounting for demolitions?

Given that the City of Burlington is largely built-out, and most large sites likely to be redeveloped in the City will need to be built at higher-densities, it is unclear where the net new single-detached and semi-detached dwellings and townhouses could be located. If the City is to see 30,000 net new dwelling units, this would mean 6,000 net new singles, semis and townhouses would have to be located in the City over and above the number of single or semi-detached units demolished and replaced with new single-detached homes which do not contribute to net new housing growth.

Community Improvement Plan

The HNO Report key findings regarding CIPs are quoted in the Housing Strategy report, saying that:

A CIP can provide a suite of incentives tailored to meet specific needs to improve gaps in both the ownership and rental markets, both in terms of availability/vacancy and costs.

The CIP may need to be tailored to not only provide incentives for affordable housing units that the market is being asked to provide through IZ, but also any required family-sized apartment units with 3 or more bedrooms, which are shown in the Housing Strategy under the annual housing targets are targeted to be 25% of all new dwelling units in the City, and 31.3% of all apartment units.

According to the 2016 Census, of the 17,240 existing apartment dwellings in the City, only 6.6% have 3 or more bedrooms – this ratio is similar for rental apartments (6.3%) and owner-occupied apartments (7.3%) existing in the City as of 2016. Achieving a ratio of 31.3% like the City's annual housing targets set out will only be possible through significant incentives to encourage family-sized apartment housing, as the costs to construct larger family-sized units are high enough so as to not make them competitive with larger ground-related housing options elsewhere in the region.

Primary vs. Secondary Rental Housing Market

The Housing Strategy when reviewing the number of rental units in the City with the number of households renting their dwelling unit states that:

Rental housing supply is not meeting the needs of existing and future residents in terms of both overall supply as well as affordability in terms of monthly rental rates.

Renter households comprised almost a quarter of all households in Burlington in 2016 (16,835 households), yet the number of units in the primary rental market was only 9,898 units, which is only 58.8% of the rental market.

This analysis ignores units on the secondary rental market, such as units in condominium apartment buildings rented out to end-users, rented detached or townhouse units, seniors homes, and other forms of rental housing not accounted for in the CMHC estimate of vacancy rates. The CMHC Rental Market Study shows that as of 2021, 26.3% of condominium apartments in Halton Region are rented on the secondary market, up from 21.2% in 2020.

Given that over 40% of the rental housing demand is accommodated through these secondary means, reliance on the CMHC vacancy rate for purpose-built rental units should be used with some caution when embedding that metric in public policy.

A lack of purpose-built rental housing puts pressure on the condominium apartment market to fulfil rental housing demand as well the demand for owner-occupied housing.

Forthcoming Commentary on Inclusionary Zoning (IZ) in City of Burlington

We had a meeting with the City's consultants SHS Consulting and Dillon Consulting on April 11, 2022. While we have yet to see concrete proposals from the City on the approach to IZ, we will be providing comments to the City in a separate memorandum responding to the details that were made available through the April 11th meeting.

Municipal Framework for an Inclusionary Zoning Partnership

April 28, 2021

Objective

- This framework is based on the current Provincial parameters for Inclusionary Zoning (IZ), and is not intended as guidance for Housing Affordability in general.
- BILD recommends that an IZ framework should be developed with four key themes in mind. These include:

1. Partnership
2. Setting the Right Parameters
3. Implementation and Transition
4. Operation and Maintenance

- The following pages discuss these four themes in greater detail.
- **Given the complexity and variability of the development approval process across the GTA and Simcoe County, there may be additional recommendations that the industry may put forward, for a specific municipality, that is not included in this document.**

Partnership

- Upholding the principle of an IZ partnership model between a municipality and the industry by offering a suite of incentives and offsets is of the utmost importance to the industry.
- These incentives could include, but are not limited to, waving or reducing development charges, application fees, CIL or parkland levies or any other government imposed fees or charges. Offsets could include, but are not limited to, density bonusing above what would be approved otherwise through the planning process, parking requirements, or reduction in parkland dedication.
- Depending on the level of affordability that a municipality sets out, it may require Federal and Provincial participation as well.

Setting the Right Parameters

- Municipal zoning by-laws should be updated to provide reasonable as-of-right zoning permissions and additional density could be explicitly provided where IZ zoning is in place.
- Affordability factors should be defined at the neighbourhood or community scale rather than reflect the entire municipality. They should include a reasonable definition of affordable housing that reflects the local municipality and does not tie to income.
- When determining the affordability period of the IZ units, a municipality should distinguish between planning for affordable rental IZ units or affordable market IZ units. The tenure for the affordability period should match the given scenario.
- Rental IZ units should not be held in perpetuity. The affordability period for these units should align with the life cycle of a building, when maintenance and repairs start to be needed. By that point, a building could require a significant injection of future capital to bring it up to adequate standards, codes and support any other municipal targets (i.e. carbon neutrality). Bringing this units back into the market supply at that time would align with this natural cycle of repair. This would also ensure that these units are able to absorb and adapt within the changing marketplace.
- Additional incentives should be provided if projects are held affordable for periods longer than 10 years or if the affordability definition results in deeper subsidies.

Setting the Right Parameters

- Rent for the IZ units should be able to keep pace with inflation and residential rent increase guidelines to absorb increases in maintenance costs.
- Provide the option for cash-in-lieu. Cash-in-lieu would be a tool that municipalities can use to collect and redirect funds to support other priority housing projects within the community or neighbourhood where the market rent project is located.
- Provide the option for off-site contributions. Allowing for off-site contributions provides flexibility should there be a greater need for IZ units in other parts of a municipality.
- Ease all IZ requirements related to purpose built rental, including the affordability period, level of affordability, and IZ set aside in order to support its continued delivery. BILD and its members stress that this housing product type is incredibly challenging to build, especially under pandemic conditions. It is imperative that municipalities does not impose additional policies that make rental more difficult to build.
- Consider the cumulative effects of other planning policy requirements (i.e. heritage) and create a mechanism where reduced or waived IZ requirements can be allowed, if demonstrated to be unfeasible for a project or if other community-benefitting contributions are being met.

Implementation & Transition

- Consider a graduated and phased-in approach for implementation. A long-term IZ policy approach would allow land markets to adjust and developer expertise to grow.
- Transition provisions should allow for projects with existing approvals or active applications that are deemed complete to be grandfathered and should include a start date that is at least 1 year after the approval of the policies to allow the industry to adjust to the adopted policies.
- This would include making sure that IZ requirements are not applied to a development that has an existing approval in place (i.e. zoning) and would be proceeding with a future, subsequent approval (i.e. site plan).

Operation & Maintenance

- Guidance should be provided for the operation and maintenance of this units.
- Clear and consistent agreements for the management of units for the prescribed affordability period should set out on a case-by-case basis to ensure optimal flexibility.