

# Purpose-Built Rental

Human Services Planning Board

2021 Sep 17



# Purpose-Built Rental

	Apartment	Town/Row	Total
Richmond Hill	1710	0	1710
Markham	1585	42	1627
Newmarket	973	64	1037
Aurora	609	196	805
Vaughan	103	0	103
Whitchurch-Stouffville	208	0	208
Georgina	273	45	318
East Gwillimbury	42	0	42
King	0	0	0
			<b>5850</b>

Data: CMHC Urban Rental Market Survey (Oct 2019)

# Purpose-Built Rental

- York Region's purpose-built rental inventory was largely constructed over the 1960 to 1980 period, and since that time the Region has seen limited purpose-built rental development
- Past 20 years, only 2 rental buildings constructed (249 units)
  - 212 Davis Drive, Newmarket: 225 units in 2017
  - 10425 Islington Avenue, Vaughan: 24 units in 2016

# Recent Rental

- In 2019, only 262 rental units were built in York Region
  - 162 units were community housing
  - 100 were registered secondary suites
  - 0 new private purpose-built rental units opened in 2019
- Rental condominiums contribute to the rental stock
  - 29% of units that permit renting, were rented
  - Condominium unit rents, are typically higher than primary rentals
- Secondary market rentals are important and helpful, but security of tenure is lacking (owner's own use, sale of property)

# Importance of Rental in York Region

Foundational Housing Analysis, York Region (Dec 2020)

- *“direct correlation can be drawn between increasing housing prices and declining net intra-provincial migration”*
- *“lack of housing supply across York Region ... has limited the Region’s recent population and housing growth potential”*
- *“aging of the Regional population base further reinforces the need to attract younger population age groups, particularly Millennials and Generation Z”*

new detached houses average \$1.7 million in 2019

# Huge Demand Unfulfilled

- Financial “numbers don’t work”
  - Land costs
    - Condominium developers outbid rental builders for land
  - Construction costs
    - Huge increase since onset of pandemic
    - Supply chain delays (costly due to sequential nature of construction)
  - Government charges and fees
  - Different financing model (v condominium)
    - Recovered in small increments, one month at a time
- Uncertain and unfriendly government policies

# Current Approved Incentives

- Goal: more purpose built rental housing affordable to midrange income households
  - Midrange income group has been identified with particular housing need, with few affordable ownership options and low rental supply available in York Region
- Increased incentives offered when 50% of units are family-sized and if the building is located in the Region's Centres and Corridors.

# Current Approved Incentives

- Affordable purpose built rental housing incentive
  - Graduated program
  - Longer deferral depending on size and location
  - Full development charges deferred, interest-free, for 5-20 years
  - Program is available to 1,500 housing units over the next three years
  - Average rents must not exceed 175% AMR
  - Buildings must be at least 4 storeys
  - Similar/better local municipal participation is required in order to qualify



# Under Construction

- Transit City Rental, 175 Millway Avenue, Vaughan
  - 35 storeys
  - 429 units
  - Mid-2022

# In various stages of application

- 13 sites, 21 buildings, 3092 rental units
  - Thornhill Square Redevelopment: 579 units 5 buildings
  - Redwood on Yonge (17645 Yonge): 530 units 3 buildings
  - Deerfield Drive: 393 units 2 buildings
  - Hillcrest Mall: 584 units 2 buildings

# Additional Incentives to Consider

- Tax Increment Equivalent Grants
  - Discount/forgive property tax sliding scale for 10 years
    - 100% forgiveness/grant in year 1
    - 90% forgiveness/grant in year 2
    - 80% forgiveness/grant in year 3
    - ...
    - 20% forgiveness/grant in year 9
    - 10% forgiveness/grant in year 10
    - 0% forgiveness/grant in year 11 and thereafter
- Parkland Dedication
  - Discount the current 5% Cash-in-Lieu
- Case-by-Case pro forma analysis to *Make Rental Happen*



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