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By Email: Cristina.Dasilva@ontario.ca
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Ministry of Municipal Affairs and Housing
777 Bay Street, 17th Floor
Toronto, ON M7A 2J3

Attention: Cristina Dasilva

And to: PlanningConsultation@ontario.ca

Dear Ms. Dasilva:

**Re: 22-MMAH017 & ERO Number 019-6173
Feedback on Municipal Rental Replacement Bylaws & Proposed Amendments to
O. Reg 232/18: Inclusionary Zoning**

We represent The Governing Council of the University of Toronto ("University").

The University is one of the largest landowners in the City of Toronto and over the next 15-20 years, intends to invest billions of dollars towards new development projects that will address a critical need for housing proximate to campus for its students, faculty, employees, and graduate and undergraduate student families ("Institutional Housing"). Institutional Housing is distinct from market housing. It is not developed or operated for the general public, but rather is a form of attainable housing proximate to campus. As such housing is not available to the general public, it does not form part of the general rental market of a municipality.

Considering these significant differences, it is not appropriate for Institutional Housing to be subject to policies developed for market housing, including rental replacement and inclusionary zoning. Rather, the University's proposed Institutional Housing provides an excellent case study for the province's consideration of a new category of "Attainable Residential Units", which ensures that housing is established in an appropriate location, to meet the specific needs of a defined group of occupants, in a manner that ensures the housing is secured as attainable, despite not necessarily meeting provincial definitions for affordable housing.

Rental Replacement Significantly Restricts Supply for University-Affiliated Individuals and Families

Currently, Institutional Housing can be subject to municipal rental replacement bylaws. In the City of Toronto, only traditional dorm style student housing is exempt from rental replacement. Student family housing and housing for faculty, including temporary housing for visiting faculty, is subject to the City's rental replacement by-law. This imposes severely restrictive requirements and costs on the University and other institutions, including the requirement to replace units for existing tenants. The resulting impact is that the redevelopment of sites containing Institutional Housing is often financially unfeasible and significantly limits the ability of the University to increase the overall supply of attainable housing available to the University community. Impacts to the supply of Institutional Housing results in greater demand placed on the broader rental market area.

By requiring Institutional Housing redevelopments to replace and secure existing units for existing tenants, the redevelopment potential of Institutional Housing is severely restricted. The requirement to replace and secure existing units on a site imposes a significant financial barrier to redeveloping and intensifying existing Institutional Housing sites. Previously constructed Institutional Housing may benefit from renewal, and new development could establish more efficient floor plates and unit sizes to respond to current needs and remain attainable. The additional requirement granting a right of return to existing tenants of a redevelopment site, who may no longer be affiliated with the University (such as former students, staff, faculty, and employees), creates an imbalance with other University tenants, is contrary to the purpose of Institutional Housing and results in further restrictions on available supply.

Rental Replacement Restricts Redevelopment Sites

Rental Replacement policies impact the University's ability to redevelop its lands as needed for University purposes, without considering whether existing units are on lands that may no longer be suitable for that purpose. For example, University properties currently occupied by student family housing are located further from campus and may be ideal locations for redevelopment of other forms of Institutional Housing. Rental replacement has the impact of mandating existing sites for continued Institutional Housing, regardless of whether other lands would be better suited for that purpose.

Institutional Housing is Attainable

Employees of the University eligible to be offered Institutional Housing are not anticipated to meet household eligibility criteria for the provision of affordable housing. Nevertheless, housing proximate to the campus remains largely unattainable for many faculty and employees. As detailed above, the provision of Institutional Housing provides the opportunity for the University to offer housing options close to campus to a defined group of university-affiliated individuals, which means they do not have to participate in the competitive local housing market. For those from international destinations, this is particularly reassuring.

Rental rates are not profit driven; rates are set to ensure a sufficient return to fund costs, maintain reserves, and support investment in the institution. Institutional Housing also has non-financial goals, which include providing supportive and vibrant campus communities. With respect to student families, it is the policy of the Governing Council of the University that no student offered admission to a program at the University of Toronto should be unable to enter or complete the program due to lack of financial means. Rather than reductions in the rental rates, qualifying students are supported by a significant financial aid program of grants and bursaries, as well as programs to support student life.

The provision of Institutional Housing provides the opportunity for the University to offer attainable housing options close to campus to a defined group of University-affiliated individuals, which means they do not have to participate in the competitive local housing market. In addition to benefitting University-affiliated individuals, Institutional Housing plays an important role of alleviating the significant pressures on the local housing market. If University Institutional Housing developments become financially unfeasible, this will result in fewer housing options being available and attainable for the University community. Individuals who cannot be accommodated in Institutional Housing must look to the private market for housing, thereby increasing demand and limiting available supply.

Financial Impact of Rental Replacement and Inclusionary Zoning on Attainability

The University is not in the business of housing. As the government does not provide funding to the University to deliver Institutional Housing, construction of Institutional Housing is predominantly funded by University debt and its interest payments are entirely covered by rental rates. Private developers have access to a much greater and less expensive pool of capital that makes it easier for projects to be financially viable. The University requires high design and sustainability standards for any new development across its three campuses. Higher construction costs mean there are larger debt interest payments to be covered by rental rates alone.

Institutional Housing is intended to be attainable for the users that occupy them. Unlike private developers who can raise rents or condo prices to luxury levels to make the project financially viable, the University must keep its housing in line with the needs of the end-user. As a result, to ensure attainability and remain competitive with post-secondary institutions around the world, the University cannot simply raise rental rates to cross-subsidize rental replacement and/or affordable housing units.

Private developers have access to a much greater and cheaper pool of capital that makes it easier for projects to be financially viable. While the University's goal is to create attainable Institutional Housing, if Inclusionary Zoning and Rental Replacement is mandated, it would make many University Institutional Housing developments financially unfeasible.

Requested Amendments & Participation

As a result of the foregoing concerns, the University suggest the specific amendments below to mitigate these issues.

1. Section 111 of the *City of Toronto Act, 2006* and *Municipal Act, 2001* Respecting Rental Replacement

Amend Section 111 of the *City of Toronto Act, 2006* and *Municipal Act, 2001* to exclude Institutional Housing by including: "For the purposes of this section, residential rental property does not include residential rental dwelling units provided by a post-secondary institution to its employees, faculty or students."

2. Requested Amendment to Ontario Regulation 232/18: Inclusionary Zoning

Amend Section 8(1)(b) of Ontario Regulation 232/18: Inclusionary Zoning to include development and redevelopment proposed by a post-secondary institution as exempt from inclusionary zoning.

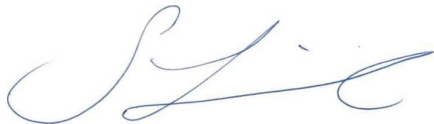
3. Requested participation in the development of criteria for Attainable Residential Units & Amendment to *Development Charges Act*

The University requests to participate in the development of criteria for Attainable Residential Units, which should include Institutional Housing. Further, the criteria to be prescribed under new Section 4.1(4) of the *Development Charges Act* should include Institutional Housing as Attainable Residential Units.

We are appreciative of the Province's efforts to eliminate development constraints and the opportunity to comment. We welcome the opportunity to discuss our comments further.

Yours truly,

Cassels Brock & Blackwell LLP



Signe Leisk
Partner

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