

# Mixed-Income Housing Pilot

Presentation to the

Investment and Real Estate Committee

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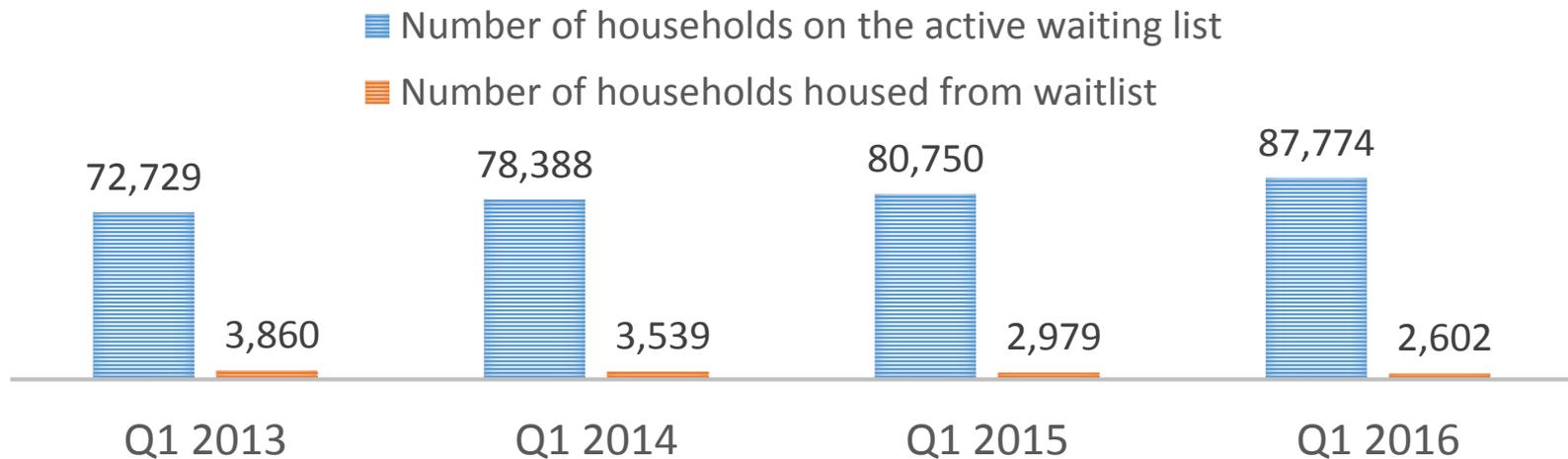
## **Context**

**Waterfront Toronto is developing a model to assess the potential of having the private sector deliver affordable rental housing in a mixed-income housing pilot in the waterfront without over reliance on government capital subsidies**

## The Problem

### 1. Housing affordability issues and an inability to deliver sufficient Affordable Rental units has led to a significant housing gap

#### TORONTO SOCIAL HOUSING KEY TRENDS



**The Gap: 85,172 affordable housing units required**

## The Problem

### 1. The current approach to close the gap and deliver Affordable Housing is not working

- Today, there is a dependence on senior government funding in order to achieve affordable housing - the current public subsidy cost (excluding land costs) is roughly **\$272,142** per ARH unit
- It would cost government close to **\$25 billion** to build enough ARH to eliminate the current housing waitlist
- This is more than **double** the City's current budget and **75%** of the City's ten year capital budget

Numbers are approximate

Source: City of Toronto Staff and Ten Year Capital and Operating Budgets

## The Problem

### 2. In addition to low-income households struggling to find adequate housing, middle-income households are now being priced out of downtown neighbourhoods

- Condo rentals now account for a higher percentage of the rental stock in the GTA compared to purpose built rental buildings
- This trend is accelerating

#### Average Condo Rental Fees in Toronto



Numbers are approximate

Source: TREB Rental Market Report, Second Quarter 2016

Source: CMHC Rental Market Report – Greater Toronto

Area, Fall 2015



## The Result

### A decline in overall quality of life in Toronto

- There is an ever growing gap in the ability of families and new/existing residents to be able to live downtown
- This lack of affordability drives the workforce to live outside the City, contributing to urban sprawl, congestion and longer commute times



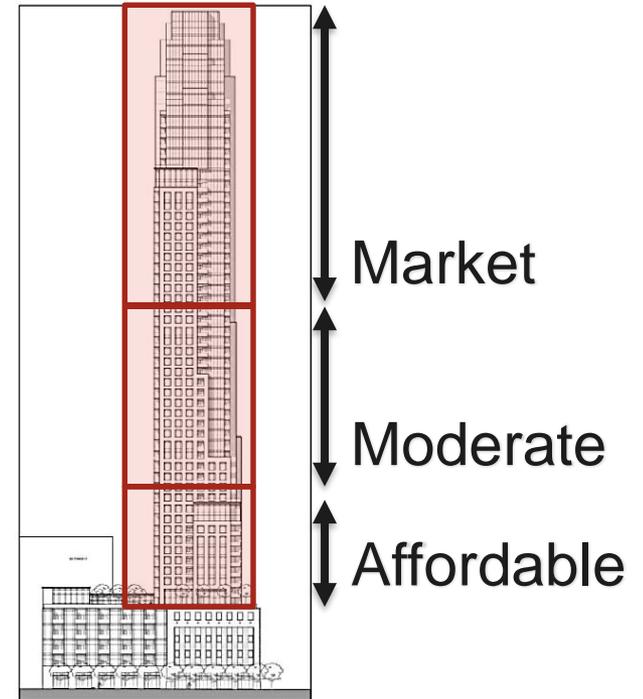
## The Opportunity

**Waterfront Toronto can be a leader in helping to solve housing affordability issues within the City; establishing best practice city building models to improve the quality of life in Toronto**

- With the right suite of potential incentives, the possibility exists for the private sector to deliver Affordable and Moderate Rental housing without relying on significant public capital funding
- This model looks to follow the successful example of those in other countries where affordable rental housing is in part being provided by the private sector

## Pilot Parameters

Suite Type	Monthly Rents		
	Affordable 80% City AMR	Moderate 100% Zone- Based AMR	Market Zone-Based Estimate
Bachelor	\$770	\$1,088	\$1,600
1 Bedroom	\$910	\$1,336	\$1,800
2 Bedroom	\$1,073	\$1,932	\$2,600
3 Bedroom	\$1,235	\$2,350	\$3,200
PSF	\$1.41	\$2.33	\$3.15



\*AMR – Average Market Rent



## Pilot Objectives

- To develop a pragmatic model that can be replicated across the Designated Waterfront Area (DWA) and on publicly owned lands elsewhere
- To build upon this model, creating a tool that can be shared with the appropriate government authorities and can be used to help address housing affordability issues within Canada



## Progress to Date

- Engaged with affordable housing experts to identify the applicable incentive programs
- Conducted research of similar, successful projects outside Canada to understand the incentives employed, and how these incentives may be applied to this pilot
- Developed a financial model taking into account all relevant incentives to determine if, and how, this project could attract private sector partners
- Led market soundings with ten developers to test assumptions and better understand their views and concerns
- Held discussions with the City of Toronto Affordable Housing Office to discuss preliminary results and garner their support