Greater Toronto Apartment Association

November 29, 2021

To: Chair and Members of Budget Committee

From: Daryl Chong, Greater Toronto Apartment Association

Re: Apartment Building Standards and Maintenance Pilot Program

The Greater Toronto Apartment Association ("GTAA") represents the interests of the multi-family, purpose-built rental housing industry. Our members own and manage more than 150,000 units of multi-family, purpose-built rental housing across the GTA.

Apartment owners vary in size and GTAA Members are universally proud business owners and operators who care about their customers and properly maintain their buildings. Retaining existing and attracting new customers is a key component of success for any business. For apartments, this is done best by ongoing maintenance and upkeep.

GTAA Members support apartment building standards and maintenance. We believe a better approach would be to focus on poor operators and encourage you to use every tool available to meet compliance. We believe a citywide program will result in the dilution of property standards staff time, as they will spend most of their time at buildings that are well maintained. City staff time would be better spent aggressively remedying buildings that don't meet the standards.

Should you decide to proceed with the program outlined in the report, GTAA and our members commit to working with City staff so as not to replicate inefficiencies we've encountered in Toronto.

Should you decide to proceed with the program outline in the report, we would like consideration of a Cost Recovery Model that does not include annual registration fees.

Now is not the time to add new fees or costs.

In March 2020 the declaration of the emergency order sent everyone home. For many, that was to their rental apartments. Since then, and especially in Mississauga and Peel Region most have remained in their apartments under various stages of lockdown and restrictions. While for months at a time most streets, malls, transit buses and office towers were empty, our apartment buildings were entirely full … by government order.

What is unknown or underappreciated is that our industry (at great personal risks to themselves and their families, before vaccinations became available) has been working tirelessly to clean, sanitize and stay on top of ever-changing requirements and regulations. We've hired extra staff, used contractors, done all the right things with great results. I don't know of any outbreaks in our buildings. The same can't be said of all other businesses.

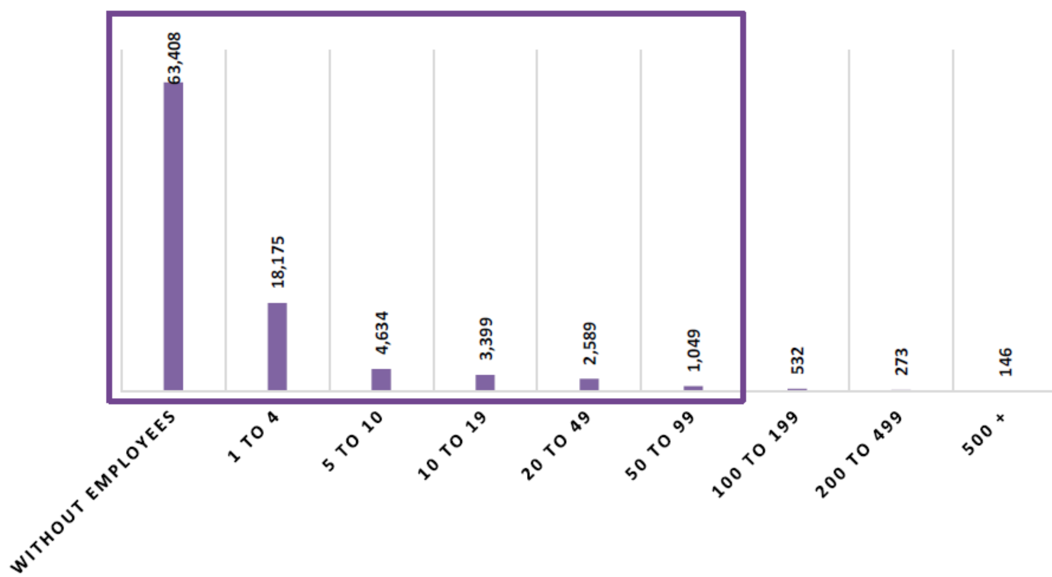
With everyone home, all day everyday, the consumption of water and electricity has increased dramatically. Performing in-suite maintenance has continued, showing families their new homes has continued, building systems have been serviced, full operations adhering to al the safety protocols have continued. New requirements have added significantly to the previous normal operating costs.

At the same time revenue has declined. From the start of the pandemic in March 2020, GTAA Members voluntarily halted rent increases, as it was the right thing to do. Then our provincial government froze rents for 2021. For many owners, it will be nearly 2 years without an increase. Unfortunately, some residents have fallen into arrears due to no fault of their own. Much of this is uncollectable and will be written off. Governments did not offer any residential rent assistance or financial relief.

As a government you've experienced the same: increased costs and reduced revenue. But we don't have the flexibility to reduce services, to cancel buses or shorten hours.

Mississauga's Economic Recovery Plan for Small Business (Sep 2020) identifies rental as an important and prevalent small business.

Figure 3: Mississauga Businesses by Employment Range (2019)



Source: Statistics Canada, December 2019 Business Counts

Economic activity across local small businesses is wide ranging, with the most prevalent industries including the following:

- **Number of Small Businesses:** Real estate and rental and leasing (14,887), followed by Professional, scientific and technical services (14,371) and Transportation and warehousing (8,588); and
- **Small Business Employment:** Wholesale trade (43,415), followed by Retail trade (36,296) and Accommodation and food services (30,467)[11].

Mississauga's Economic Recovery Framework includes strategic goals that refer to housing affordability and keeping costs down.

The creation of the Mississauga Economic Recovery Taskforce (MERT) to explore further assistance to business notes:

> *In consultation with the MERT, and internal City departments, we will develop a series of recommended measures to Council aimed at providing further relief to businesses and community stakeholders. These may include:*
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> - *Undertaking a line by line review of the fees and charges we apply to business to see where relief may be possible, at least in the short term. There will be a specific focus on small businesses first and foremost*.

The message is consistently clear. Nowhere does it suggest that a new fee of $792,000 in 2022, and $919,000 in 2023 be established and charged to businesses. Whether borne by business operators or by tenants, or in various combinations of both, this is the wrong time for new fees.

GTAA recommendation for your consideration:

- We request that in light of the current situation that during the first two years of this pilot program that the expenditure be absorbed fully by the City;

- Beyond that, a *Made in Mississauga Plan* that utilizes a reward-based system whereby the buildings operating in compliance are assessed a $0 fee; while buildings not operating in compliance are assessed are much higher fee (to be determined by staff). This carrot instead of stick approach is more in keeping with the values of Mississauga. Reward the good operators rather than punishing them for the actions of others.

As a last thought, when making any policies or regulations please always consider asking "how does this encourage new rental development?" In the past 20 years, only 3 rental buildings totalling less than 500 units were built in Mississauga. Currently there are four rental projects under construction: one building with128-units is opening soon; three buildings with a combined 970 that will hopefully be completed as rental, are not scheduled to open until late-2023, and mid-2024. No new rental buildings will open in 2022. All in, less than 1,500 new rental units in the most recent quarter century.

The proposal pipeline if full of potential rental projects. Hopefully most of these proceed, but these are uncertain times and cost escalation combined with supply chain interruptions may negatively affect the viability of these early-stage opportunities. With the recent dramatic increase in the price of ownership, more residents are looking at rental housing. Rental options need to be encouraged and built.

Thank-you,

Daryl Chong
President & CEO
Greater Toronto Apartment Association