



April 4, 2025

From:
West End Home Builders' Association
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To:
Members of Committee of the Whole
City of Burlington
426 Brant St, Burlington, ON L7R 3Z6

WE HBA Letter: Burlington Affordable Rental Housing CIP

The West End Home Builders' Association ("WE HBA") is the voice of the land development, new housing and professional renovation industries in Hamilton, Burlington, and Grimsby. WE HBA represents 320 member companies made up of all disciplines involved in land development and residential construction. In Burlington, residential construction contributes over \$423 million in investment value and provides nearly 2000 jobs paying about \$144 million in wages. WE HBA notes that these economic indicators are in decline as housing starts continue to drop.

WE HBA and our members appreciate the opportunity to provide comment on the proposed Affordable Rental Housing Community Improvement Plan, ("CIP") and the numerous opportunities over the past two years to advance the City's successful Housing Accelerator Fund (HAF) initiatives, including the CIP over the past number of months. We would also extend our appreciation to the planning department for extensive dialogue and consultation over the past few weeks to ensure we are working collaboratively to workable solutions. More than ever, cities like Burlington need to take concrete steps to promote and incentivize developers, through process or monetary means, to get shovels in the ground during the current economic downturn. Across the GTHA and throughout the province, housing starts and new housing sales have faltered amid a weak market. The UrbanMetrics Financial Analysis Memo notes that "a 30-storey rental project would be difficult to be viable even under more favourable market conditions." The ongoing trade is worsening already elevated construction costs, decimating consumer confidence, and causing widespread job losses. 2025 is poised to be an extremely difficult year for the new home industry and the over three-hundred thousand people employed in the sector across Ontario.

WE HBA is broadly supportive of the framework being advanced by the City to incentivize new rental supply, and appreciates the flexibility and stackable nature of the proposed incentives. The proposed CIP supports with the numerous programs that have been implemented by the provincial and federal governments to support affordable housing, including a few outlined below. WE HBA is pleased that the City of Burlington is jumping on the opportunity to align with the initiatives of other levels of government. For example:

- Federal Initiatives: the Housing Accelerator Fund, investing in increasing funding for CMHC's Apartment Construction Loan Program ("ACLP"), removing the 10% rent reduction from ACLP applications, removing GST on rentals built before 2031, etc.
- Provincial Initiatives: removing HST on rentals built before 2031, DC reductions from Bill 23 (15/20/25% reduction in DCs for 1B/2B/3B), etc.

The inclusion of the entire urban area, including the downtown core, ensures alignment with intensification and transit-oriented development (TOD) strategies, as well as efforts to support ARUs, multiplexes, and gentle density. By targeting Major Transit Station Areas (MTSAs), intensification corridors, the downtown, and established neighbourhoods, the proposed CIP supports growth in areas well-equipped with infrastructure and amenities.

However, WE HBA is concerned that due to the required criteria, there will be a lack of uptake from the development industry. It is noted in *1.1 Background* of the CIP report that “residents, particularly those in middle-income brackets, find themselves increasingly squeezed by rising homeownership costs and a lack of rental options”. However, the proposed CIP, which focuses almost exclusively on affordable rental, and at the far-below-market rates noted in the *Development Charges Act, 1997* Bulletin, will do little to address the issue of middle-income housing insecurity. WE HBA directs the City to the following criteria of concern:

- Municipal Fee Waiver Program: Minimum of 30% of units are affordable for the full suite of application fee waivers
- Housing Design and Study Grant: Minimum of 30% of units are affordable; market for CMHC ACLP loans
 - o Generally, 20-25% is the target for projects incorporating affordability metrics (At least 20% of units must have rents below 30% of the median total income of all families in the subject market for CMHC ACLP loans)
- While affordability periods range from five to ten years for each program, the baseline affordability period of 25-years is extremely challenging for developers to implement due to cost challenges
- Development Charges Assistance Program: Buildings or structures with 75 units or more, where 30% of units are affordable. WE HBA notes the approval of report FIN-09-25, which was amended to “Direct the Chief Financial Officer to report back... on the potential implementation of interest-free deferral programs for qualifying individuals, companies or organizations impacted by American tariffs such as the following: property tax, development charges, and/or other city fees.” While the criteria is to be determined, Burlington is moving forward with a tariff-response that addresses the urgency of the crisis.

While there is a drastic need for more affordable and subsidized rental availability, WE HBA and our members are concerned that the affordability requirements of the CIP will result in a program that will create few new units. WE HBA requests that the City revise the affordability requirements, especially for the Missing Middle and Mid/High Rise programs, to better align with the Canada Mortgage and Housing Corporation Apartment Construction Loan Program (“CMHC”, “ACLP”), and create separate streams for market and affordable units. The vast majority of rental projects across Canada have some support through CMHC, the strictest underwriter in the country. Under CMHC’s Apartment Construction Loan Program, borrowers must achieve a certain number of points for affordability, sustainability, accessibility, on a rigorous federal scorecard, before an application is considered for financing. The ACLP criteria presents a more realistic affordability target of 20% of units at below 30% of Median Family Monthly Income. WE HBA notes that the HAF Housing Supply Growth Target for affordable units is 228 units, and that the recent Growth Analysis Review determined 500 rental units per year are needed over the next 10 years to keep up with demand. There is a strong need to incentivize

market rental solutions to meet Burlington's housing requirements. At the same time, if no projects are able to move forward, no affordable housing built-in to market-rate projects will materialize. It is therefore important for the CIP to broadly advance projects on the edge of financial viability if we are to get any units built at all.

WE HBA is concerned by a lack of certainty in process. Certainty and lowering risk is vital for developers in making investment decisions and securing financing. It is noted that:

- the incentive values proposed are presented as "up to" a maximum value;
- that the final recommended values will be lowered to "support the efficient achievement of the critical HAF targets";
- that "some programs included in the CIP... will not be recommended in the near term"; that "adoption of the CIP... does not mean any or all of the programs will be activated"; and
- that is the discretion of staff and Council in determining grant values.

At this time, it is difficult for WE HBA and our members to provide specific grant support amidst this uncertainty. Additionally, several elements such as requiring a project to have secured planning or building approvals before incentive applications can proceed (subject to the discretion of the Director of Community Planning) and lack of clarity on when applications would require Council approval create uncertainty and unnecessary risk that would prevent developers from moving forward. Banks will not extend construction financing loans without certainty of outcomes. WE HBA is looking forward to future reporting that clarifies these concerns.

WE HBA recommends that the following additional elements be clarified and comments considered:

- 1) The Brownfield CIP identified as outside the HAF CIP Implementation; will the City's existing Brownfield CIP be modified and funded in alignment with the proposed TIEG in the Affordable Rental Housing CIP? Additionally, successful TIEG applicants are proposed to not be eligible for other incentives offered through the CIP, which presents a challenge for developers in making pro formas work, as stackability across programs is significant in making projects feasible.
- 2) The Sustainable and Accessible Design Grant lacks details in the specific criteria and improvements that will lead to a successful, maximum-value grant. The grant value is only noted to be "subject to an evaluation...based on the extent to which a project incorporates voluntary sustainable building practices and/or accessible design". The nature of the evaluation and the "extent" is unclear. Additionally, one or more units must be approved under another program, layering increased costs of meeting affordability and sustainability/accessibility metrics.
- 3) Development Charge deferrals are noted to be for "up to two years", with accrued interest. WE HBA requests clarification on the deferral period, and whether it will be from building permit to occupancy permit. Zero-interest deferrals should be considered to improve viability; additionally, it is unclear what rate of interest can be expected if zero-interest deferrals are not supported. WE HBA recommends that the deferral period be for two years after occupancy to allow for a rental stabilization period for new buildings.



- 4) Development Charge deferrals are noted to be enacted outside of the CIP through future updates to the City's Residential Development Charges Deferral Policy, and that Planning and Finance staff will bring forward in the coming months an updated DC policy related to the proposed program. WE HBA requests clarification on when these changes may be brought forward and in what form.
- 5) Regional collaboration in matching DC deferrals and other incentives included in the Plan is vital for leveraging support at all levels of government to move projects forward. WE HBA supports the City in its efforts to work with the Region to support Burlington's incentives and alignment of tax policy. The Halton Hills CIP includes provisions for TIEGs and may be an example worth drawing upon.
- 6) Other fees such as CBCs and Parkland Dedication are a significant impediment on moving market projects forward. Addressing these fees is an additional element that should be considered in future incentive programs or waived to support the economic viability of housing in Burlington that meet CMHC ACLP affordability parameters.

WE HBA looks forward to the final CIP by-law being brought forward to Council, and the Implementation report being brought forward in May. WE HBA shares the same goals and objectives of the City for the program to be implementable and feasible for our members to access to bring urgently needed units online as quickly as possible. We look forward to continuing to work in partnership with the City to address the housing crisis and achieve Burlington's Housing Target of 29,000 new homes by 2031.

Sincerely,

Anthony Salemi, BURPI

Planner, Policy and Government Relations
West End Home Builders' Association