



RESCON: Toronto could learn from Tokyo

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Tokyo has met growing demand with balanced growing supply resulting in stable housing costs - in fact, prices have flatlined.

A tale of two T.O.'s shows a different approach to affordability and supply

Even when you make a big noise, you can't beat City Hall.

In my last column, I wrote about a proposed change to the noise bylaw put forward by Municipal Licensing and Standards (MLS) staff. It would kill the exemption for after-hours concrete work

and that had us worried about the future of the city. If we weren't able to finish and level concrete after 7 p.m., this city's residential construction industry would have ground to a halt.

There was an amendment to the proposal put forward by Councillor Ana Bailao that passed – builders/developers would have to apply for exemption permits. And there were compromises: city council took decision-making authority for exemption permits away from councillors and removed a three-month limit. We were grateful for Bailao's role in the compromise, as were our partners LiUNA Local 183, the Building and Land Development Association and the Ontario Formwork Association.

We can work with the compromise and the additional paperwork, but the challenges of getting housing built and increasing supply make me think about another T.O. across the Pacific Ocean, Tokyo. Canada's T.O. can look to Japan's T.O. as inspiration to unlock housing supply – new builds and purpose-built rentals – and help affordability.

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Let's compare the two T.O.'s: Toronto has experienced severe housing shortages and affordability issues as housing costs and rents have risen precipitously in recent years. As for Tokyo, it has met growing demand with balanced growing supply resulting in stable housing costs – in fact, prices have flatlined.

So, what gives? A recent article in the Wall Street Journal shed some light on housing for the city of 13 million.

“A big factor, experts say, is the country's relatively deregulated housing policies, which have allowed housing supply to keep up with demand in the 21st century,” writes WSJ reporter River Davis.

Unlike Toronto, Tokyo uploaded density and zoning rules to the national government to address NIBMY-ism. “With no rent controls and fewer restrictions on height and density, Tokyo appears to be a city where the market is under control ...” – here's the part I really love – “... where supply is keeping home prices from rising as drastically as they have in many other major world cities.” (Ahem, Toronto.)

Over the past decade, Japan has built almost one million housing units per year. The U.S., with more than twice the population of Japan, built 1.25 million new units last year. Tokyo alone saw about 145,000 housing starts last year: that's about even with New York, L.A., Boston and Houston combined.

As a result, home prices for both the Asian powerhouse and its capital were around the same level last year as they were nearly a decade ago.

As for rent prices in Tokyo, they have risen only slightly from a decade before. The average rent for a two-bedroom unit last year was slightly below \$1,350. Can you imagine? It's twice that in Toronto (\$2,724).

I'm not advocating for a laissez-faire wild west of home building. But even allowing more gentle density – the missing middle – to add more townhomes, laneway towns and mid-rise buildings along the city's avenues would really help people looking for new homes. Maybe, just maybe, we could even see a flatlining of housing and rental prices.

Let's open our eyes because this is happening in the other T.O.

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