

EX9.3 - Generational Transformation of Toronto's Housing System to Urgently Build More Affordable Homes

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Summary: Even if the City is able to both secure this massive investment in funding and land from the province and federal government *and* drastically improve its abysmal rate of affordable housing completions, where only 19% actually break ground, and actually get all 65,000 units completed, the City will still be left with a net loss of roughly 81,180 rental units affordable to lower income people by 2034. The City must therefore:

1. Prioritize the preservation of housing affordability and prevention of tenant displacement by:
 - a) disincentivizing real estate speculation through a municipal land transfer tax on investors (buyers of more than one property) and using revenues to fund MURA,
 - b) increasing density without worsening affordability and tenant displacement and making it easier, faster and cheaper to build affordable housing by creating an affordable housing zoning overlay similar to [Cambridge, MA](#), that allows projects containing affordable housing owned and/or operated by the City or nonprofits to build significantly higher densities than the base zoning allows (something which is already permitted under COTA),
 - c) directing staff to consider shifting funding to nonmarket, limited/shared equity home ownership models in their review of the City's Affordable Home Ownership Policy and Program Framework to increase the City's permanent supply of affordable housing, rather than limiting housing affordability benefits to a single homebuyer,
 - c) expediting and funding the stalled Housing At Risk Table and Renoviction Policy (Council-approved initiatives to prevent tenant displacement) and increasing supports for tenants at risk of eviction, and
 - d) asking the province to limit rent control exemptions to the first 10 years after the first occupancy of a newly created rental property, and to implement vacancy control.
2. Develop a plan to locate new affordable housing in areas experiencing or at risk of high levels of housing cost escalation and tenant displacement to help stabilize property values and ensure residents aren't displaced from their communities.

Dear members of Toronto City Council,

While I appreciate the effort to put together a plan to build more affordable housing, I think it's critical to point out that even if the City is able to secure this massive investment in funding and land from the province and federal government, drastically improve its [abysmal rate of affordable housing completions](#), where only 19% actually break ground, and manage to get all 65,000 units completed, the City will still be left with a net loss of roughly 81,180 rental units affordable to lower income people by 2034.

Steve Pomeroy [has crunched](#) the last two rounds of Statistics Canada Census data and found that Toronto lost 73,091 units with rents below \$1,000/mo. between 2016 and 2021 from the private market: an average of 14,618 units each year. If we continue to lose units affordable to lower income people from the private market at the same rate as we have for the past 5 years, we will have lost 146,180 units affordable to lower-income people by 2034.

While the staff report correctly states that "[a]s all orders of government focus on building new affordable homes, efforts must equally concentrate on protecting the existing supply of homes to ensure net growth of the affordable housing stock," the City is not actually putting this into practice.

The staff report notes that the budget for the City's sole affordable housing preservation initiative, the Multi-Unit Residential Acquisition program (MURA) was recently increased by \$10m (expected to be generated by an increase of the vacancy tax to 3%), however even with this increase, the program only has funding to preserve a couple hundred units.

The funds needed to acquire a property at risk of becoming unaffordable is roughly \$150,000/unit for the types of properties that have been targets of acquisition by nonprofits. Compared with new affordable housing development, acquisition is a fast and fairly simple process with an incredibly high success rate. It's also significantly cheaper to purchase existing housing than to build new housing, although I imagine that if the goal was to acquire all properties that are at risk of losing affordability, the cost could get significantly higher than \$150,000/unit, as it would include a broader range of property types--older multi-unit residential buildings of around 20 units in Parkdale have a much lower per-unit cost than a duplex in the Annex, for example.

If investment in affordable housing acquisition was equal to the (proposed) investment in new construction, the outcome would be significantly better in 2034, but with such limited MURA funding and such high risk of the City not meeting these proposed new housing targets, the future is looking incredibly grim. Which is why I continue to be [incredibly concerned](#) that Toronto is only planning to add 240 additional spaces to the shelter system over the next 10 years: if you think the encampment situation and transit-as-shelter situation is bad now, just wait until 2034.

While the situation is bad, there are still a lot of things the City could do to make it a little less bad.

Buried on the second-last page of the staff report, staff note that Section 453.1 of the City of Toronto Act (COTA) allows the City to provide increased residential densities on sites with social or affordable housing that is owned and/or operated by a non-profit organization. *This is significant.* The City has been working for years now to address the housing affordability crisis by working to increase the housing supply through its Expanding Housing Options in Neighbourhoods (EHON) initiative, which aims to increase allowable densities in low-density neighbourhoods without any affordability requirements. This is a strategy that is more likely to worsen housing affordability and housing instability in the immediate and medium term by encouraging real estate speculation and the redevelopment of affordable, rent protected units and the eviction of their tenants, while increasing the supply of market rate units without any rent protections, and may inflate land values by increasing the profit potential of individual properties. Meanwhile, for years the City has had in its toolbelt a tool to increase the supply of affordable housing exclusively; a tool that would not encourage real estate speculation, would not shrink the existing supply of rent controlled rental housing or worsen housing affordability, would not displace tenants into an unaffordable rental market, and it has chosen not to use it. And what's even more shocking, is that even in a plan focused on trying to build 65,000 units of affordable housing, **staff have still not recommended that this tool be used**, while continuing to press ahead with EHON. An easy model that Toronto could follow is [Cambridge, MA](#), where the city implemented an affordable housing zoning overlay that allows increased densities for affordable housing without changing the base zoning of the land.

We also need to be building these 65,000 units of new affordable housing in areas that are experiencing or at high risk of worsening housing affordability and tenant displacement to help stabilize rental rates and ensure that people are able to remain in their communities. This is an equity-focused strategy that cities in the US use to help mitigate the negative impact of transit development on housing unaffordability and tenant displacement, but which could be applied anywhere facing escalating land values and tenant displacement.

To identify communities at high risk of housing unaffordability, an analysis would have to be done of current housing market and demographic trends and the potential impact of city policies on housing affordability and tenant displacement. This kind of analysis is common in many American cities and is used to develop strategies to preserve housing affordability and prevent tenant displacement, but it is not something that Toronto does. While Toronto staff reports are all required to include an "equity impact statement," this statement is not actually an assessment of the impact the policy will have on equity in the city. As a result, Toronto is moving forward with plans to address our housing crisis that are actually likely to worsen housing affordability and increase tenant displacement instead (such as EHON, discussed above, and multi-tenant housing legalization...I discuss these and more in more detail [here](#)), with no plans to prevent or mitigate these negative effects.

Toronto's unprecedented rate of public transit development, something which has been proven to cause land values to inflate, housing affordability to worsen, and tenants to lose their homes, is also proceeding without any measures in place to prevent or mitigate these negative impacts. Equitable Transit Oriented Development is the approach that cities across the US have been pursuing for more than a decade to mitigate the negative impacts of transit development on communities and leverage the opportunities created by public transit investment for public benefit by coordinating transit development with affordable housing development and initiatives to preserve housing affordability, however provincial transit plans are pushing ahead with little concern about equity or housing affordability, something that could be addressed through this housing initiative.

Recommendations:

- 1. Prioritize preservation of existing housing affordability in all housing initiatives.**
- 2. Develop a plan to locate new affordable units in areas experiencing or at risk of experiencing high levels of rent escalation and tenant displacement as a way to help stabilize rental rates and ensure people can remain in their communities.** This will require analysis of a) real estate and rental market trends, b) geographic income distribution, c) tenant displacement trends (demoviction, renoviction, and eviction), and d) identifying areas where policies and plans have the potential to increase land values, cause the loss of existing affordable units, and displace existing tenants.
- 3. To make it easier, faster and cheaper to build affordable housing, and to increase density without worsening affordability, create an affordable housing overlay similar to [Cambridge, MA](#), that allows projects containing affordable housing owned and/or operated by the City or nonprofits to build significantly higher densities than the base zoning allows,** using the authority granted under section [453.1 of the City of Toronto Act](#). This is a far better approach to addressing our housing affordability crisis than current provincial and City initiatives that aim to increase allowable densities of all residential properties, regardless of affordability; an affordable housing overlay ensures that existing affordability will be maintained while increasing the supply of affordable housing specifically.
- 4. Direct staff to consider shifting funding to nonmarket, limited/shared equity home ownership models in their review of the City's Affordable Home Ownership Policy and Program Framework to increase the City's permanent supply of affordable housing, rather than limiting program benefits to a single homebuyer.** These models, which are very common across the US, put resale restrictions on the property and limit the amount of equity the homeowner receives upon resale so that program benefits are passed on to multiple homeowners and the City is able to build a permanent supply of affordable homes across the city—homes that will sell for affordable prices even if the prices of other homes in the same community rise substantially; this can help ensure the preservation of mixed-income communities in the face of gentrification pressures and escalating real estate prices.

5. **Disincentivize real estate speculation and generate funds for affordable housing preservation by levying a municipal land transfer tax on investors (people purchasing more than one property) and using the revenues to fund MURA.**
6. **Expedite and fund Council approved, but stalled, Housing At Risk Table and Renoviction Policy– measures to slow affordable housing loss and preserve existing housing affordability in the private market, and increase supports for tenants at risk of eviction.**
7. **Ask the province to limit rent control exemptions to the first 10 years after the first occupancy of a newly created rental property and to implement vacancy control.** For new developments, this would allow rental property developers 10 years to make whatever profits the market will bear and recoup their costs, while disincentivizing real estate speculation and predatory landlord behaviour and stabilizing rents across the rental market.

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