

## 2023.PH6.1: HousingTO Plan Progress Update, 2022-2023

**Submission from Melissa Goldstein,  
September 28, 2023**

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Members of Toronto City Council,

While the status update on the City's HousingTO Plan 2020-2030 is disappointing in terms of the City's lacklustre results in preserving and growing the city's supply of affordable and supportive housing, what is even more disappointing is the City's failure to acknowledge its role in potentially worsening the housing and homelessness crisis and its responsibility in preventing such negative outcomes.

Below I identify two urgent issues that the City must address to prevent an already terrible situation from becoming much worse<sup>1</sup> and four opportunities that the City must seize to increase the supply of rental housing, preserve rental housing affordability, and prevent displacement and homelessness.

**1. Multi-tenant housing (MTH) legalization:**

A year ago Council approved a framework to legalize MTH. In spite of Council direction to report back on plans and resources needed to preserve existing housing and prevent tenant displacement, there has been no update on what the plan is to ensure that legalization doesn't result in the loss of thousands of rental rooms the displacement of thousands of low-income tenants into homelessness and the only budget asks were for enforcement officers. We are quite concerned that the new licensing bylaw will come into effect in March 2024 and none of the critically necessary programs to prevent rooming house loss and prevent tenant displacement will be in place. A more detailed explanation follows. There is a high risk of losing the last of the private market housing available to very low income people without a rent subsidy and there is a high risk that hundreds (if not thousands) of people will lose their homes. This is particularly problematic given that there's nowhere for these tenants to go except the sidewalk: this is the last of the housing in the city affordable to these tenants and the shelters are full.

The City desperately needs a Displacement Prevention Strategy because these MTH tenants are far from the only people at high risk of being displaced into a rental market with no housing they can afford, and the City is actually making the situation worse through the unintended consequences of efforts to improve public transit and solve the housing crisis.

**2. Loss of rent controlled rental housing & tenant displacement:**

The redevelopment of purpose-built rental properties and property redevelopment as a result of transit development-induced and EHON upzoning-related land value inflation, are effectively reducing our rent-controlled (and therefore affordable or more affordable) rental housing stock and inflating demand for the reduced number of units available as the thousands of tenants who had been occupying these properties are forced from their homes. While these redevelopments will ultimately produce more housing than currently exists, the housing will be market rate housing without any rent control.

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<sup>1</sup> These issues are in addition to problems with the new online waitlist for subsidized housing that I have repeatedly brought before the Community and Economic Development Committee over the past two years, and which I hope will now finally be addressed.

In properties of 6 or more units where rental replacement requirements apply, the replacement units will be affordable for 10 years, which represents a delay in the worsening of housing affordability and the destabilization of tenants' housing. 1713 units in buildings with more than 9 units were approved for demolition in the past two and half years, with [1753 units](#) to be replaced in the new development. City open data isn't capturing the unit size or the number of tenants affected, even though they have the information. The City Auditor made clear that during the 10 year affordability period, there is no oversight by the City to ensure that the units stay at the agreed upon rent levels. So while the city says affordable rental housing is being preserved, each project likely actually represents the loss of affordable units & the worsening of housing affordability. One of the actions the city committed to in the Housing Plan was a review of the city's rental replacement requirements. This hasn't been done yet. (More on what that review would ideally include [here](#).) The shift to tenancing units through the centralized access system creates an opportunity to track units and not just tenants, but the system isn't being designed for that purpose as far as I know. Under the HousingTO Plan, staff were to undertake a review of the Official Plan rental demolition and replacement policy in 2023, including implementation approaches and practices including a review of affordability periods and eligibility criteria for new tenants.

Staff analysis undertaken as part of the EHON initiative has not looked at the potential impact of the proposed zoning changes on renters or existing rental housing affordability. City planners have persistently ignored the fact that the rental properties that will be impacted will not be subject to the City's rental replacement and tenant relocation and assistance requirements, as they won't meet the "buildings of 6 units or more" threshold, and that under the Residential Tenancies Act, it will be perfectly legal for landlords and real estate speculators to evict the tenants of existing rent controlled and more affordable rental units so that the units can be subdivided into more units which can then be rented at higher/market rents to new tenants, or redeveloped into a market rate low-rise walk-up without rent control. While this initiative is being framed as a benefit to tenants, the reality is that the real beneficiaries will be the real estate investors and speculators who stand to make huge gains by buying up properties and converting them to income-generating investments that will provide much higher rental revenues. Smaller properties of 9 units or less will be severely impacted by these efforts to increase density and tenants of these properties won't benefit—quite the opposite, in fact— they will lose their homes.

Public transit investment has been shown to have an inflationary effect on property values that causes tenant displacement and worsening housing affordability as rental property owners aim to capitalize on their increased property values by raising tenants' rents or selling or redeveloping the property. While public transit investment in communities without good access to transit is a good thing, the City has made no effort to date to ensure that the renters who live in those communities will actually be able to remain there long enough to enjoy the benefits of improved transit access.

The City must explicitly address how it will manage the tension between the need for more housing with existing tenants' right to housing and the need to preserve existing housing affordability, and it must do so immediately before we see thousands of people end up sleeping on the street (or the subway, the park, the library or the Tim Horton's) because there isn't any rental housing or even a shelter bed that they can access.

### 3. **Renoviction Policy:**

A year and a half ago, in July 2022, Council approved the creation of a policy to prevent the renoviction of tenants. This policy was to be one small measure to help tenants who are vulnerable to landlords trying to increase their profits in response to escalating real estate values

remain in their homes. With the approval of the renoviction policy, staff were directed to report to the Planning and Housing Committee by June 2023 with a new regulatory By-law and implementation plan to protect affordable and mid-range rental housing stock. However, from July 2022 to January 2023, there was no staff person assigned to this file and no work was done on it. It is unclear what progress has been made since then. Through the “Housing Action Plan - Priorities and Work Plan” approved by Council in March 2023, the June deadline was moved to October. Now in this staff report, the deadline has been moved again to Q1 2024. All the while, tenants continue to struggle against predatory renoviction and housing affordability is worsened as landlords succeed in forcing tenants from their homes and re-renting units at much higher rents.

There has been no reason provided for this delay, and it seems unjustified given that the City of Hamilton just completed a bylaw to prevent renovictions in August that took staff all of 3.5 months to produce, and which will go before Council in two weeks for approval. Not only did Hamilton produce the bylaw in 3.5 months, but within the same period they also developed their own RentSafe policy, their own Tenant Support Program, updated their property standards bylaw, and updated their vital services bylaw. **The reason that staff did it so quickly was that Council took them to task for not doing what they were directed to do.**

#### 4. **Vacant Homes Tax expansion:**

I recently [raised](#) the issue of why the Vacant Home Tax doesn't capture more than one unit in a multi-unit residential building. So long as one unit in a multi-unit building is deemed occupied, the property is not taxed, regardless of how many vacant units may exist on the property. Staff have responded to my query in a [recently released status update](#). Staff estimate that expanding the scope of the tax to small multi-unit residential buildings would represent an additional 41,130 units, a 5% expansion of the units currently covered. Staff recommended not expanding the scope of the tax, “based on the assumption that owners of multi-unit rental residential buildings operate these buildings on a profit-generating basis, and therefore it is considered a rare occurrence that units are being purposefully held vacant and kept off the rental market and that a program change would be administratively cumbersome.”

While I don't doubt the change would be administratively cumbersome, I don't agree with the assumption that these buildings are operated on a profit-generating basis. Many houses have basement apartments that they choose to not rent out, or an extra unit that they keep vacant for visiting family and friends. During Toronto's short-term rental consultations, these property owners (who wished to rent these units as short-term rentals during the periods when the units weren't otherwise occupied) noted that if they weren't able to rent their units as short-term rentals, they wouldn't be renting them at all. Further, many rental units in purpose-built rental buildings—which, by definition are profit-generating businesses—are kept vacant for a variety of reasons. It may be true that these units will be less likely to be put on the long-term rental market if subject to the tax, however it would be worth comparing the anticipated additional tax revenue in relation to possible additional administrative costs. Any additional rental units added to the rental market and any additional revenue generated to support the City's affordable housing needs is worthwhile.

#### 5. **First-time Homebuyer's Tax Rebate:**

The staff report notes that In 2022, the City assisted over 16,400 households buying their first home with a tax rebate of up to \$4,475, at a cost to the City of \$68.4 million. The HousingTO Plan set a target of helping 150,000 first-time homebuyers, who comprised 43.3% of all the people the HousingTO Plan aimed to help. Given the fact that all of the programs in the Housing Plan that

help lower income people access and maintain their housing are currently at risk due to a lack of funds, I think we need to ask whether this \$68.4 million a year could be better spent.

It is unclear how much difference a few thousand dollars makes to a person's ability to buy a home in the Toronto real estate market, when the average home price is well over a million dollars. Would the loss of this tax break stop any of the first time homebuyers buying their own home from doing so?

\$68.4 million/year could go a long way to helping people who actually need it. For example, it could fund an \$800/mo. housing benefit for 7,125 people, help some of the "stuck" affordable housing projects get unstuck, buy at-risk rental properties, or help more tenants maintain their housing.

#### 6. **Furthering the Right to Housing:**

One of the first [action items of the HousingTO Plan](#) is to update the Toronto Housing Charter, and then review existing key housing policies and programs with a progressive realization of the right to adequate housing lens and update staff report templates to include an Equity Impact section outlining how recommendations in housing-related reports will contribute to the progressive realization of the right to adequate housing as outlined in the Toronto Housing Charter.

While the Housing Charter has been updated, this remaining work has not yet been done, which may be why the City continues to pursue initiatives without considering their impact on the progressive realization of the right to adequate housing.

#### **Recommendations:**

1. Ensure that the following initiatives to preserve existing MTH housing and prevent tenant displacement are funded, developed and ready to be implemented by March 2024:
  - a. alternative methods for meeting MTH code requirements;
  - b. a code compliance renovation program for MTH operators;
  - c. Housing At Risk Table;
  - d. Grandfathering or exemption of residential care facilities
2. Make preventing tenant displacement and homelessness a City priority.
3. Cancel the first-time homebuyer's rebate program and invest the revenue in programs and/or initiatives that prevent and/or reduce homelessness and housing insecurity.
4. Develop and implement a Displacement Prevention Strategy to ensure existing rental housing and rental housing affordability is preserved and tenants are able to maintain their housing and are prevented from becoming homeless.
5. Evaluate the effectiveness of the City's rental replacement and tenant relocation and assistance policies and their implementation in:
  - a. enabling displaced tenants to maintain access to housing that they can afford,
  - b. preserving the supply of rental housing,
  - c. preserving the supply of affordable rental housing, and
  - d. preserving rental housing affordability.

Examine both the compliance of developers with the policy and the rigorousness of the application of the policy to preserve rental housing.

Increase the affordability requirement for replacement units from 10 years to 50 years.
6. Assess the potential impact of the proposed zoning changes of the various EHON initiatives on renters and existing rental housing affordability and develop a plan to ensure tenants are able to remain in their communities and existing rental housing affordability is preserved or improved.
7. Develop a Transit Oriented Affordable Housing Plan that aims to preserve or improve existing housing affordability in transit development areas and ensure that inflated property values don't displace lower income people from the community.

8. Modify the implementation of the Vacant Home Tax so that every vacant unit in a multi-unit property is taxed.
9. Update staff report templates to include an Equity Impact section outlining how recommendations in housing-related reports will contribute to the progressive realization of the right to adequate housing, as per the HousingTO Implementation Plan.

### **Multi-tenant House (MTH) Legalization: Details on Issues**

MTH legalization is coming into effect in March, 2024 and we are concerned that continued missed deadlines, lack of accountability to Council, and the fact that staff don't appear to be taking steps to ensure that there is money in the budget to support these programs, is indication that there is no plan to have any of the programs in place that are critically necessary to ensure the existing housing stock is maintained, that its affordability is preserved, and that tenants aren't displaced into homelessness.

We met with staff earlier this year to raise [our concerns](#), and were surprised that they still had no idea of how many and types of suburban rooming houses we're talking about and how many rooms and tenants—and types of tenants—are implicated. They seemed to be underestimating their number significantly. There are personal care homes with high needs tenants that operating more than 6 rooms that can't afford to go through the variance process. We were told in the spring that these homes would be grandfathered, but that has yet to be communicated to the housing operators.

For a lot of these suburban houses, the room caps, code requirements, and parking rules make compliance impossible. The idea that the only solution is to force thousands of people to apply for a minor variance doesn't make sense. The system can't support that, public opposition will prevent landlords from getting the variance, and operators won't take the risk with that level of uncertainty. We've been told that renovation funds are in the works, but we still don't know how much money will be available, how many houses will be supported, or when it will actually be rolled out.

It's clear that what was done in Parkdale won't work in the suburbs and thousands of tenants and affordable rooms are implicated. It's likely that hundreds, if not thousands of low-income tenants will lose their housing without a concerted effort by the City to avoid that outcome.

The staff report notes that "The City is taking a phased approach to implementation, with significant work completed to-date in 2023, prior to the new zoning and licensing bylaws coming into effect in 2024." A status update should include some information about the work completed to date. We received none so far, in spite of considerable Council direction to do so:

When Council approved MTH legalization In December 2022, Secretariat staff were directed to report back to Council in March 2023 "with a set of recommendations aimed at supporting tenants in the event of required emergency relocations and/or unit closures." They didn't. When I asked why, I was told it wasn't necessary because supports were already in place and that this was possibly being handled through the EPIC program. The City's [Emergency Rooming House Response Plan](#) was largely abandoned several years ago, with Woodgreen the last and only player involved in providing tenants with support. Woodgreen ended their support last year. Word at the City was that no one wanted to take this initiative on, and it's unclear if anyone did. If supports for tenants in the event of emergency relocations or unit closures do, in fact, exist, it needs to public-facing so that tenants in trouble know where to go for help.

In December 2022, staff were also directed to include as part of report back to the Planning and Housing Committee by the third quarter of 2023 on Item PH35.18 - Renoviction Policy - Creating a Framework to Protect Affordable and Mid-range Rental Homes and Deter Renovictions, opportunities to negate displacement of tenants of Multi-Tenant Homes undergoing renovations related to compliance.

In June 2022, when Council approved the City's renovation policy, Council directed staff to report back to the Planning and Housing Committee by the second quarter of 2023 with a new regulatory by-law to protect affordable and mid-range rental housing stock, along with a detailed implementation plan to phase in the by-law, including required resources, and a coordinated approach to compliance and enforcement. That report back was effectively bumped until the fall by the subsequent December 2022 Council direction that referenced the renovation policy.

In line with that December direction from Council, Housing Secretariat Staff told us earlier this year that they would be coming to Council in October 2023 with a report on tenant support in relation to MTH and the renovations policy, specifically, The Housing At Risk Table, the program to subsidize MTH code compliance upgrades, alternative methods to achieve code compliance, and other supports for tenants. This staff report makes clear that they have now pushed this report back to the first quarter of 2024.

Although in December 2022, staff were directed to report back on any additional budget and resource impacts of MTH program implementation through the 2023 and 2024 budget processes, only MLS did so.

A year ago, the member of the Housing Secretariat who led both the renovation policy and the MTH legalization files, expressed concern that the Housing At Risk table and development of the bylaw required the participation of multiple City divisions that didn't actually have the staff resources to participate/do the work and said that if the City realistically wanted to get this done and not have it punted down the road further, resources should be dedicated to it now through unspent money or reserves.

Today there are 13 different divisions involved in MTH legalization and the only resources allocated so far were allocated for MLS enforcement staff; everything else is being punted down the road further and further.

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