



Toronto's housing affordability crisis

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INTRODUCTION

Toronto is a city of 3 million people, 51% of whom are migrants making it the city that houses the largest proportion of Canadian immigrants (City of Toronto, 2023a). Along with mental health and a dysfunctional public transit system, the housing crisis faced by Torontonians is the most significant priority for urban development in the city. In this paper, I will briefly explain the challenge of housing affordability, give a rough overview of the city's response before undertaking a critical analysis of the effectiveness of City of Toronto's housing plan "HousingTO – 2020-2030 Action Plan" herein on referred to as "HousingTO Plan" from the lens of "The right to housing: A mission-oriented and human-rights based approach" (Mazzucato, M. & Farha, L., 2023) herein on referred to as "the framework". The paper concludes with reflections on key gaps identified in the analysis.

THE CHALLENGE

The current Toronto housing affordability crisis is influenced by the larger Ontario housing crisis that has been in the making for over 50 years (CCHR, 2022) (figure 1). Like many housing crises in other parts of the world, it has been largely driven by cutbacks in federal and provincial governments' investments and a responsibility transfer to local municipalities, without providing them with adequate support. As a result, Torontonians "are priced out of homeownership and into an underinvested rental market, leading to an affordable housing shortage" (Fung, C. et al, n. d.).

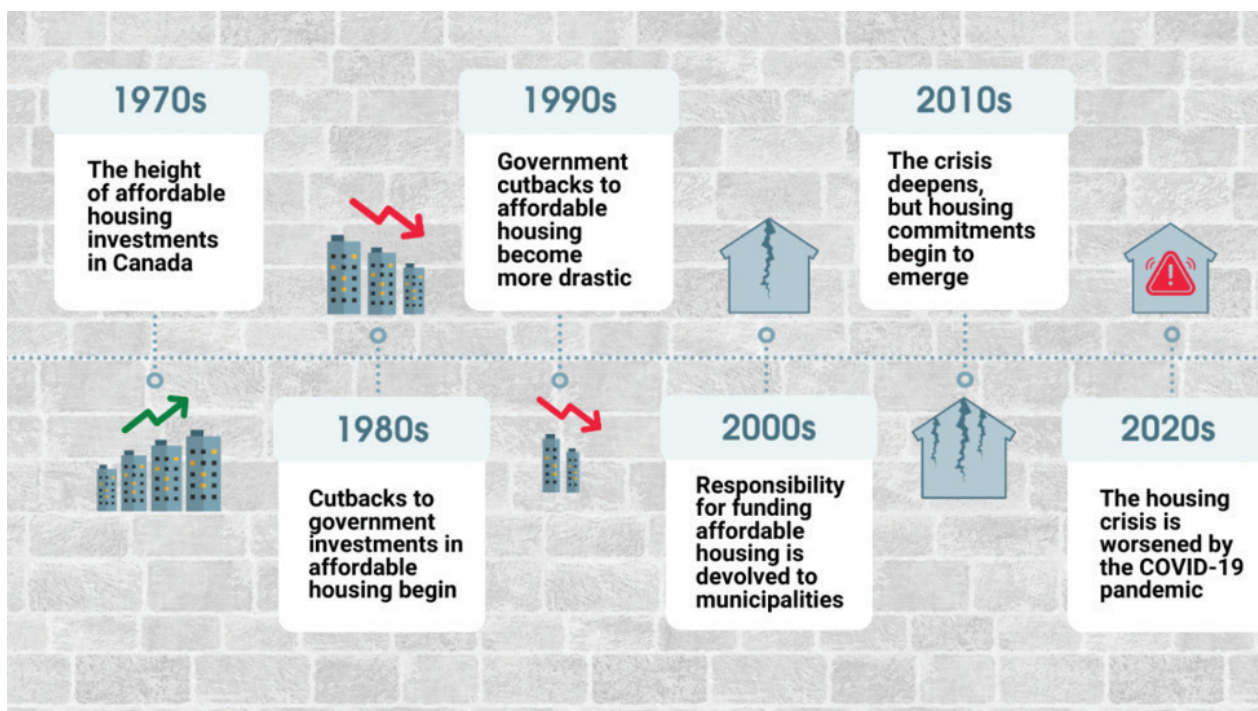


Figure 1: A timeline of Ontario's housing crisis (Source: CCHR, 2022)

Almost half of Toronto renter households are paying more than 30% of pre-tax income on rent; 23% are paying more than 50% of income on housing (City of Toronto, 2021). The rate of unaffordable housing, even accounting for a decrease between 2016 and 2021, is still highest in Toronto and Vancouver in comparison to the rest of the country (figure 2). Unaffordable housing is driven by a rapid growth in population (due to international students, skilled migration, refugees and asylum seekers), a low supply of new homes, an increase in supply and prices of luxury condos and a decrease in supply of social housing and non-profit housing options (CCHR, 2023). Figure 4 shows the increase in supply in rental apartments in Toronto. Unfortunately, this increase doesn't translate into more affordable housing because it doesn't offset the growth in demand.

The surge in rental costs has led to an increase in evictions in Toronto (CCHR, 2023). Higher rents are also impacting food security as renters have to make choices on spending often resulting in buying less nutritious foods or skipping meals. This impacts both mental and physical health and has repercussions on education, general wellbeing and financial stability (Fung, C. et al., n.d.).

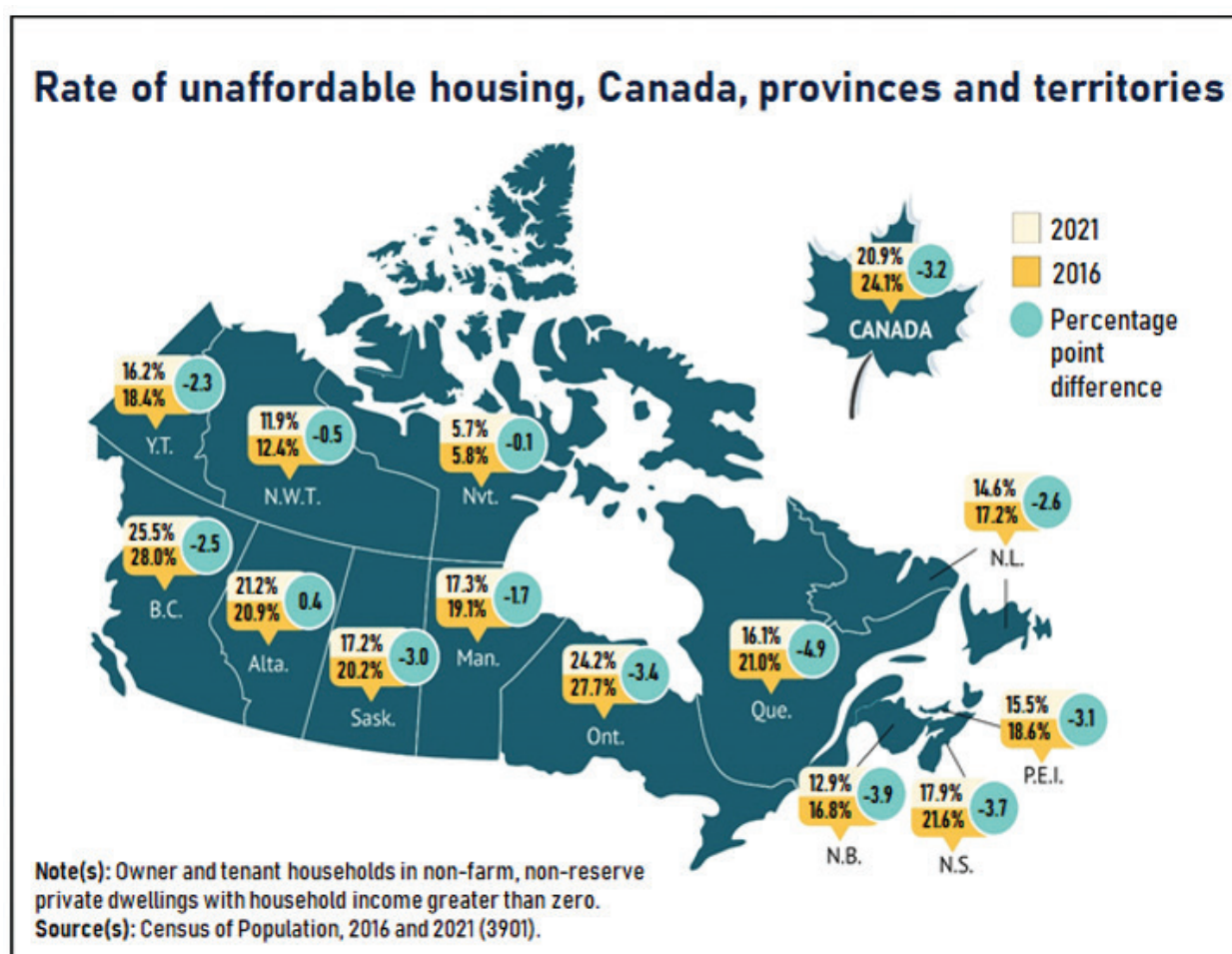
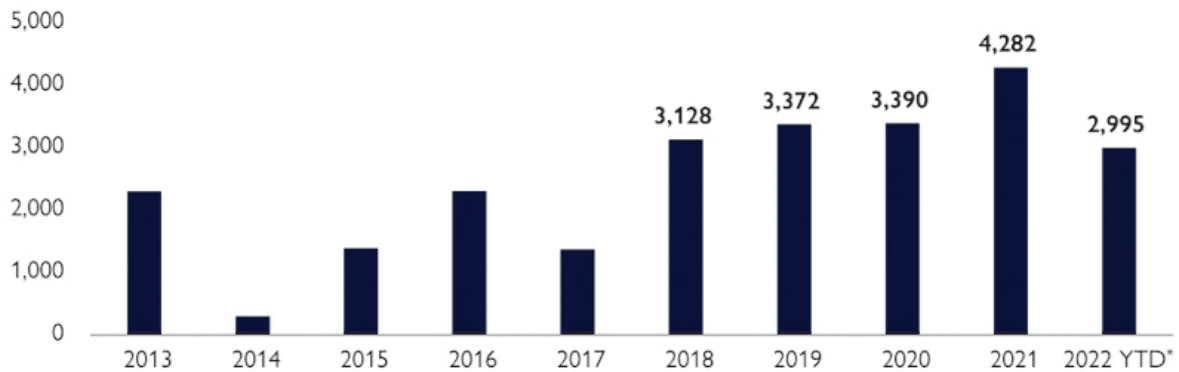


Figure 2: Rate of unaffordable housing, Canada, provinces, and territories (Source: Statistics Canada, 2021)

Rental apartment completions (units), Toronto CMA



Source: CMHC

*Year-to-date (YTD) reflects data from January-to-October.

Figure 3: Rental apartment completions (units), Toronto CMA (Source: CMHC, 2023)

THE RESPONSE

Cognizant of the growing housing unaffordability challenge, the Government of Canada introduced the first National Housing Strategy in 2017 (Government of Canada, n.d.). The plan allocates \$82 billion over a period of 10 years in tax initiatives and loans for not-at-risk individuals purchasing housing. The strategy has been criticized over the amount of new federal funding and is contingent on the result of future elections (Fung, C. et al., n.d.). At the provincial level, the government of Ontario introduced Ontario's Housing Supply Action Plan that aimed to address the housing crisis from a supply perspective (Government of Ontario, 2019). The plan, unfortunately, does not focus on the demand side. Its main strategy relies on appealing to the private sector to whom it allocates the responsibility of supplying affordable housing.

At the city level, Toronto municipality launched HousingTO Action Plan in 2019 (City of Toronto, 2019). The plan is an ambitious one and has the right intent of building a larger range of housing types to address housing needs of various sub-populations, including the marginalized groups in the city. It is built on the foundation of housing as a human right. It aims to exceed the provincial housing target of 285,000 new Toronto homes by 2031. While on paper the plan looks solid, progress has been slow in delivering the targets and the housing needs of a number of population groups has been falling through the cracks as I will explore in the critical analysis section of this paper where I will focus only on the city level housing plan.

CRITICAL ANALYSIS

The framework based on which I analyze the effectiveness of Toronto's housing plan in this paper is "The right to housing: A mission-oriented and human-rights based approach". This framework was selected given its novelty in marrying a mission economy and a human-rights perspective. It is a cutting-edge framework that is built on the foundation of existing United Nation commitments and goals such as the Sustainable Development Goal 11 and the New Urban Agenda. The framework supports the eight characteristics of the right to housing as shown in Figure 4.



* Sustainability has recently been recognised by the UN Special Rapporteur on the right to housing, but is not included in the definition under international human rights law.

Figure 4: Characteristics of the Right to Housing (Source: Mazzucato, M. & Farha, L., 2023)

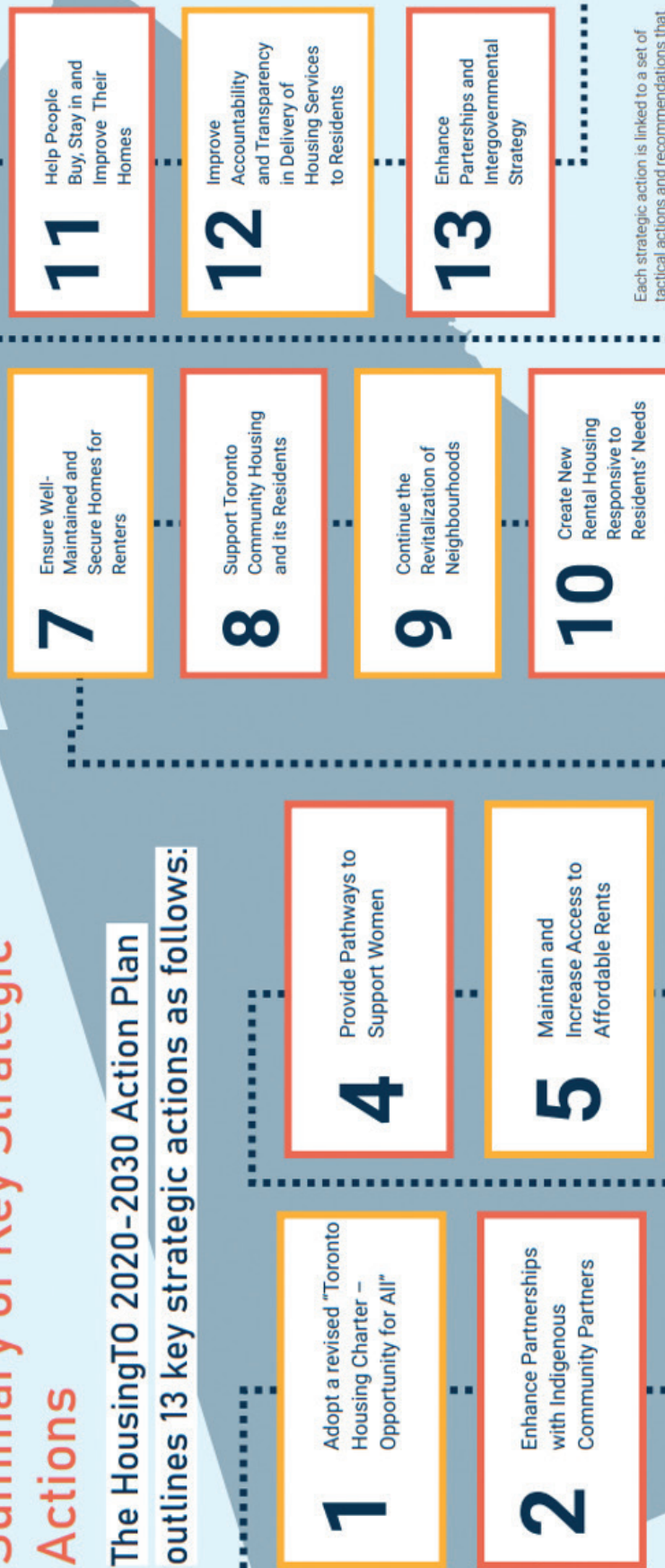
It identifies 6 pillars of action to help governments address the housing crisis. In the following, I will look at the extent to which HousingTO Plan aligns with those pillars and the effectiveness of the plan in addressing the challenge based on this framework.

1. Committing to a housing mission

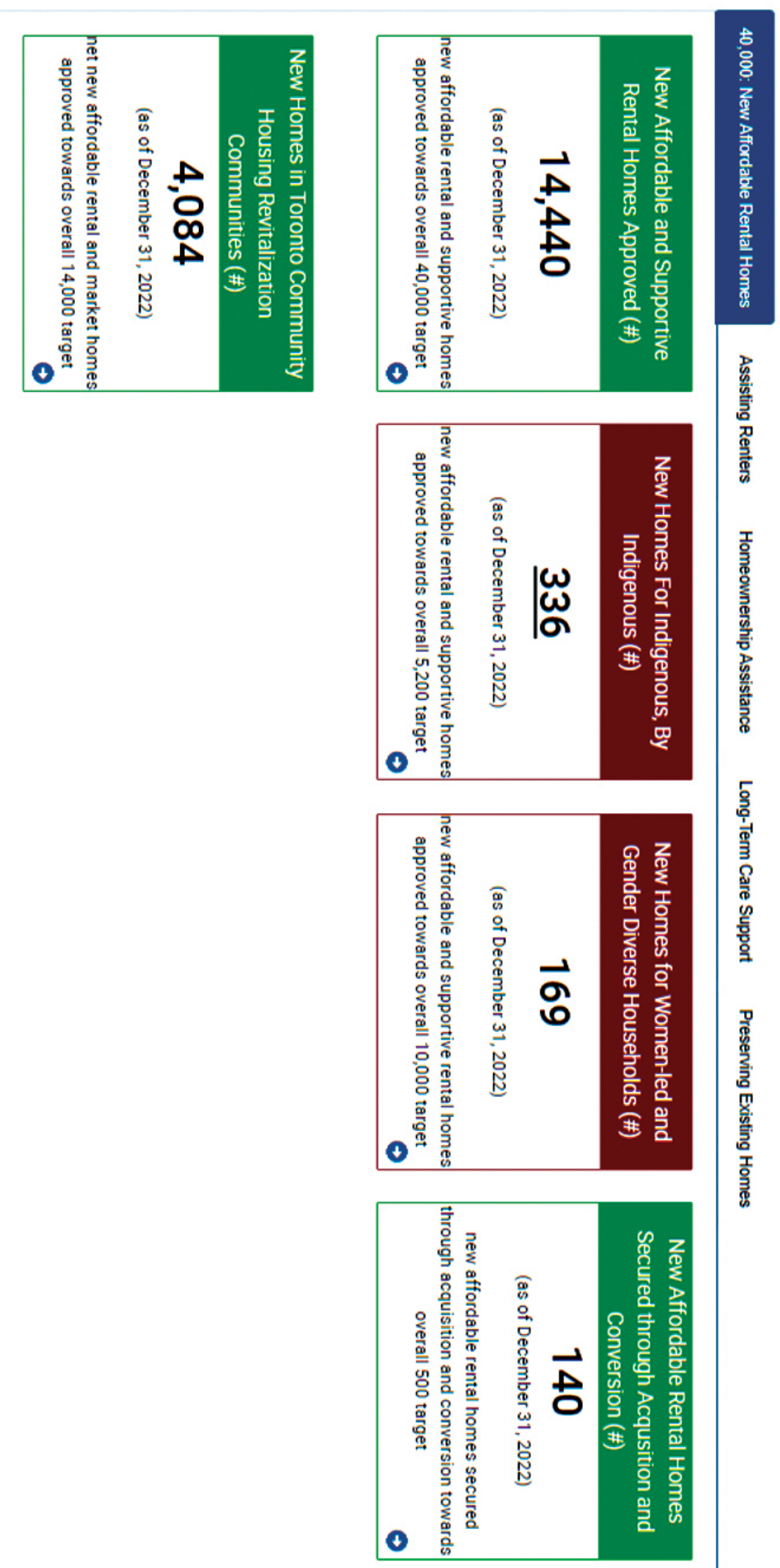
Under this pillar, HousingTO Plan seems to check several elements that the framework calls for. The “Toronto Housing Charter – Opportunities for All” affirms housing as a fundamental right, the significance of housing in achieving dignity and well-being for the people and in contributing to inclusive communities. HousingTO Plan identifies a vision “Toronto is a city with a diverse range of housing opportunities” and a clear mission “to provide Torontonians with housing that is safe, affordable and suitable to their needs” (City of Toronto, 2019). The mission is forward-looking and ambitious with metrics for measuring impact (annex 1). HousingTO Plan identifies 13 key strategic actions to achieve the mission (figure 5). From first glance at the actions, we can identify alignment with the characteristics of the right to housing identified in figure 4. When it comes to the implementation of those actions, there are some gaps that can be identified such as targets related to women and to indigenous groups being at risk when monitored for progress (figure 6). Additional gaps are identified in more detail in subsequent sections.

Summary of Key Strategic Actions

The HousingTO 2020-2030 Action Plan outlines 13 key strategic actions as follows:



Each strategic action is linked to a set of tactical actions and recommendations that will support and strengthen how housing is developed, maintained and delivered across the housing spectrum. The Key Strategic Actions are based on extensive research, analysis, public and stakeholders input including individuals and groups with lived experience; housing and cross-sector industry experts; academics; community partner agencies including housing and support service providers; the public; and City staff.



Legend:

- A green card indicates that the target is on track, meaning any target achieving 85% and above.
- A yellow card indicates that the target is making moderate progress, meaning any target achieving between 70%-85%.
- A red card indicates that the target is at risk, meaning any target achieving less than 70%.

Figure 6: Action Plan Dashboard (Source: HousingTO Action Plan 2020-2030 Dashboard, 2023)

2. Shaping the housing market not tinkering

Based on the framework, it is on the national and regional governments to shape the housing market while at the same time supporting municipalities in delivering comprehensive solutions in partnership with a range of stakeholders. The federal and provincial governments in Canada are not playing their role, neither are they showing attempts to change systems, policies or fiscal investments. For one, the outstanding figures outweigh the actual funding commitments required by all orders of government to fund the HousingTO Plan (figure 7). The provincial government is especially facilitating a more liberal role for the private sector to shape the housing supply market rather than assuming this responsibility as portrayed in their housing plan (Ontario province, 2019).

Federal and provincial funding to advance the HousingTO Plan

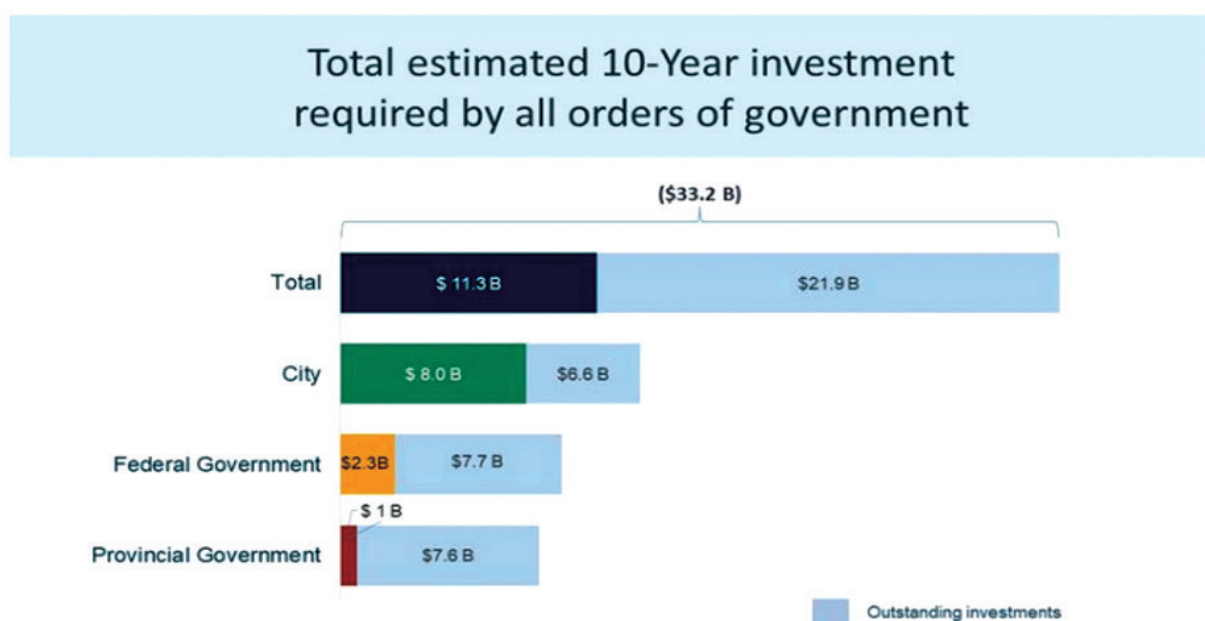


Figure 7: Federal and provincial funding to advance the housingTO Plan
(Source: HousingTO Annual Progress Update 2022-2023)

In the case of Toronto city government, HousingTO Plan indicates an intent to engage stakeholders in developing solutions. However, the latest progress report shows tinkering initiatives that are not enough to address the housing affordability crisis. For example, the city reports completing 1,082 new affordable and supportive homes for people at-risk-of or experiencing homelessness. This is merely trivial development considering the increasing trends in people experiencing active homelessness in the past five years (figure 8).

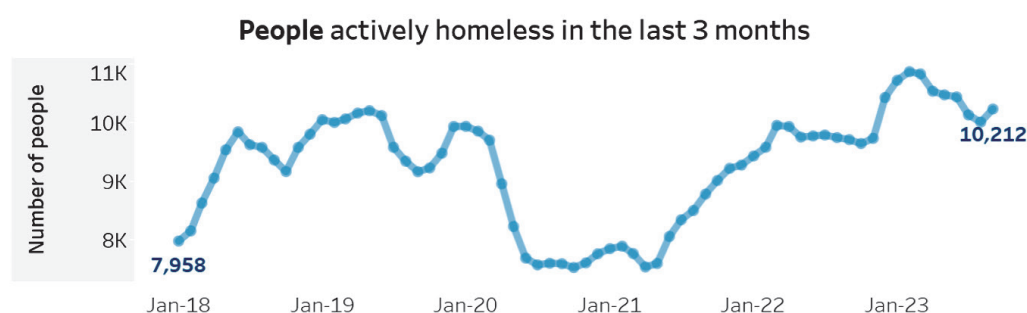


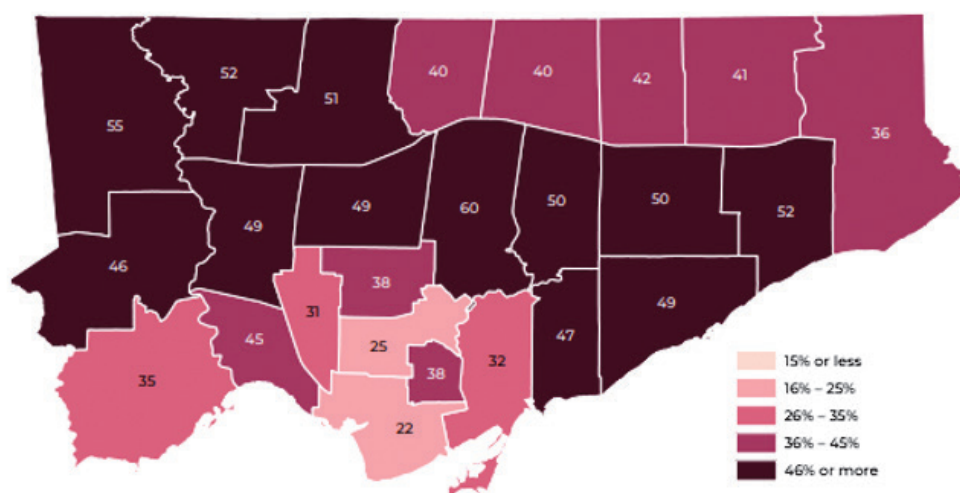
Figure 8: People actively homeless in the last 3 months trend analysis 2018-2023
(Source: Shelter System Flow Data, City of Toronto. September 2023)

3. Building an entrepreneurial state

According to the framework, being a market shaper, the government requires different skills and capacities such as an entrepreneurial state. While this can be seen to some extent at the municipal level, it is absent from the federal and provincial governments' policies and plans which seem to be only tinkering with the market through traditional and bureaucratic band-aid initiatives such as the Rapid Housing Initiative that is so behind in reaching its targets of completing new affordable housing units.

The framework also requires a whole-of-government approach where all activities are aligned and where communities, especially the marginalized, participate meaningfully in decisions that affect their wellbeing. HousingTO explicitly prioritizes indigenous communities, women, seniors and the homeless as marginalized groups and sets targets to address their housing challenges, however the plan fails to mention the nuanced needs of racialized groups especially among refugees and new immigrant populations. A recent report reveals how processes of marginalization and exclusion, especially of refugees, new immigrants and racialized population are impacting housing of those groups and resulting in inequities in rental housing (Spatial Planning Toronto, 2020) (figures 9 & 10).

Percent of **Racialized** Individuals in Tenant Households with Unsuitable (Overcrowded) Housing, by Ward



Percent of **Non-racialized** Individuals in Tenant Households with Unsuitable (Overcrowded) Housing, by Ward

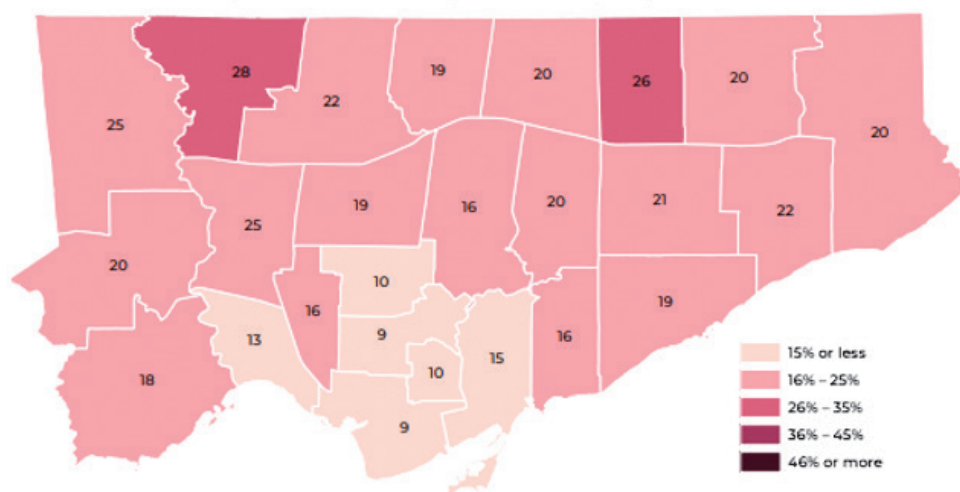
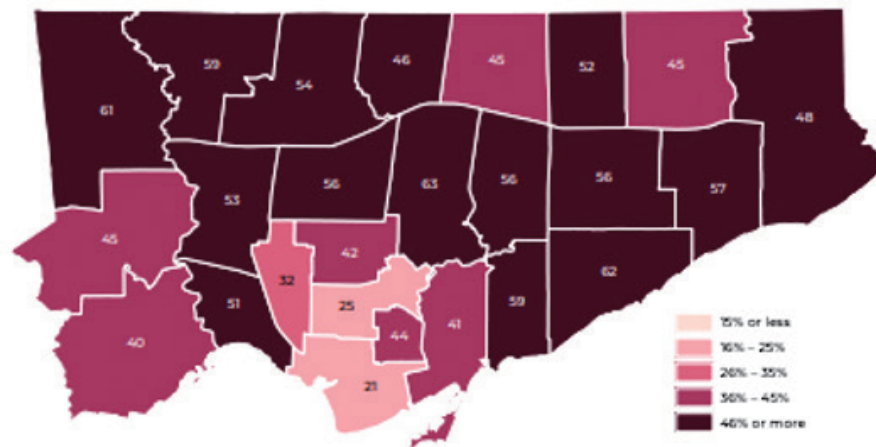
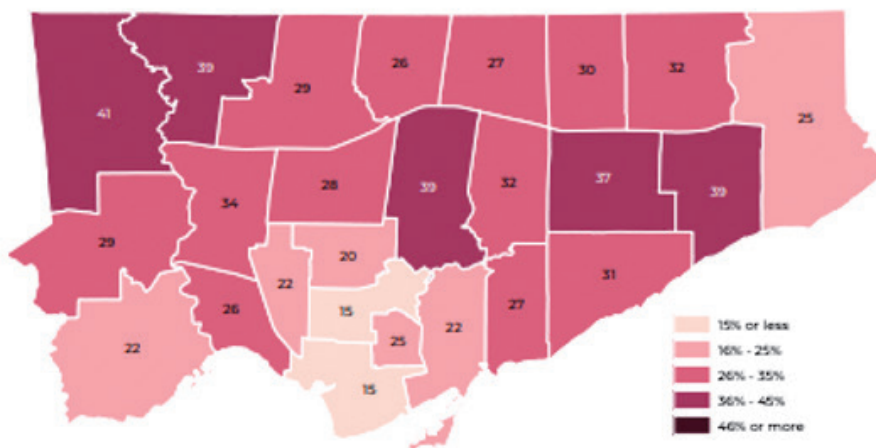


Figure 9: Percentage of racialized and non-racialized individuals in tenant households with unsuitable housing (Source: Spatial Planning Toronto, 2020)

Percent of **Newcomers** in Tenant Households with Unsuitable (Overcrowded) Housing, by Ward



Percent of **Long-term Immigrants** in Tenant Households with Unsuitable (Overcrowded) Housing, by Ward



Percent of **Non-immigrants** in Tenant Households with Unsuitable (Overcrowded) Housing, by Ward

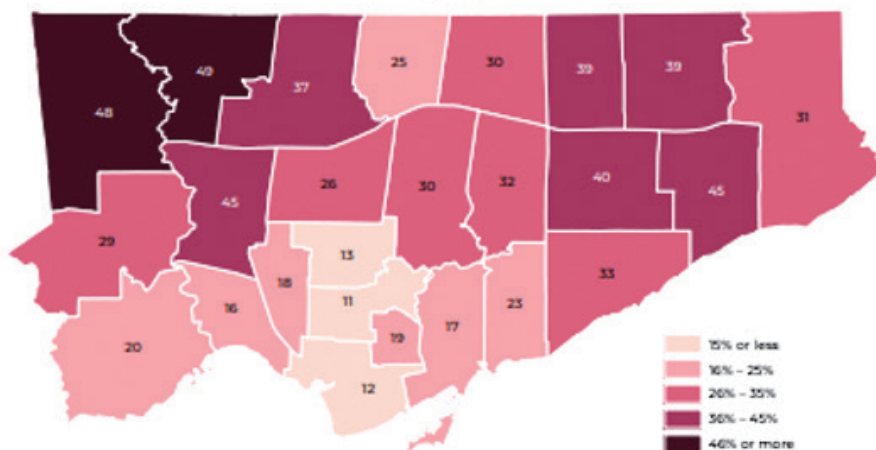


Figure 10: Percentage of newcomers, immigrants, and non-immigrants in tenant households with unsuitable housing (Source: Spatial Planning Toronto, 2020)

4. Public, private and third-sector partnerships for the common good

Strategic Action 13 of HousingTO Plan aims to “enhance partnerships and intergovernmental strategy”. The 2022-2023 annual progress report shows advancement in partnerships with academic sector as well as a new initiative to address homelessness through provincial and federal governments support. However, even with the provision of 2,500 new Rent-Geared-to-Income supportive housing and 1,500 new affordable rental housing opportunities the needs are still rampant as explained in the challenge section and the target is still out of reach (figure 11).

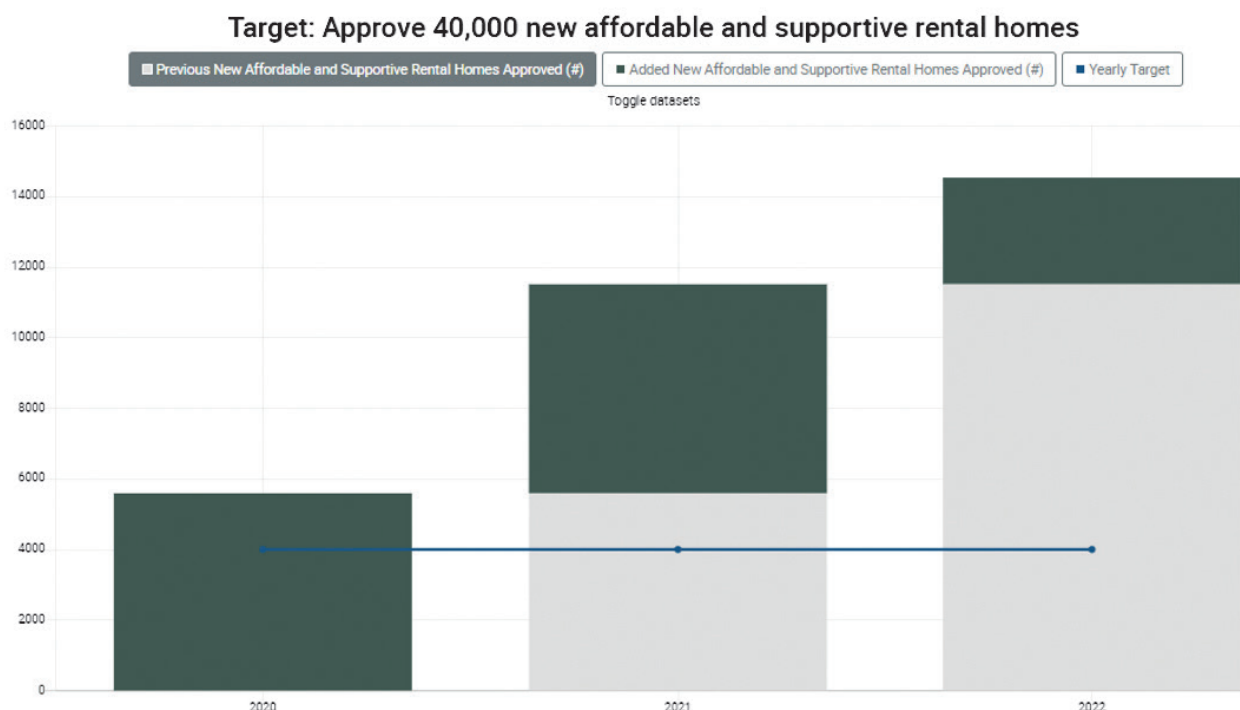


Figure 11: Number of new affordable and supportive rental homes approved (cumulative totals)
(Source: HousingTO Action Plan 2020-2030 Dashboard, 2023)

Nonetheless, the city of Toronto is showing progressive actions in partnering with purpose and incentivizing the right type of collaboration to serve the common good. An example is the new Memorandum of Understanding with the Co-op Housing Federation of Toronto (CHFT)'s Development Society Inc. (CDSI) that aims to improve the stock of affordable and long-term Rent-Geared-to-Income homes as well as modernize how co-ops operate.

5. Public value-driven financing and taxation

This pillar calls for long-term focused public finance through taxation system alignment to the mission and modifying investor behavior. It also calls for government to enable strategic mission-oriented institutions. At the municipal level, the city of Toronto is showing progressive movement toward aligning taxation to the housing mission. In the last few weeks, the mayor announced increasing taxing on vacant homes from 1 to 3% to enable the city to generate funding that can go into the Multi-Unit Residential Acquisition (MURA) program which will enable the city to purchase buildings that are at risk of conversion into condos and turning them into affordable housing units (City of Toronto, n.d.a). The tax on vacant homes in Toronto was first introduced in 2021 and it collected \$54 million in its first year of application. While this is a good example of progress from the city of Toronto under this pillar, if it is not implemented at scale and supported by provincial and federal regulatory frameworks that stop housing finance feedback cycle, it might not maintain sustained outcomes.

6. Ensure monitoring and accountability

Under this pillar, government must hold themselves accountable to their human rights obligations and make all data pertaining to their efforts toward the housing mission publicly available. The city of Toronto has recently launched a dedicated online space for making housing data available as well as reporting on progress toward HousingTO Plan (City of Toronto, n.d.b). The new digital dashboard aims to increase transparency on the city's response to the housing crisis (figure 12).

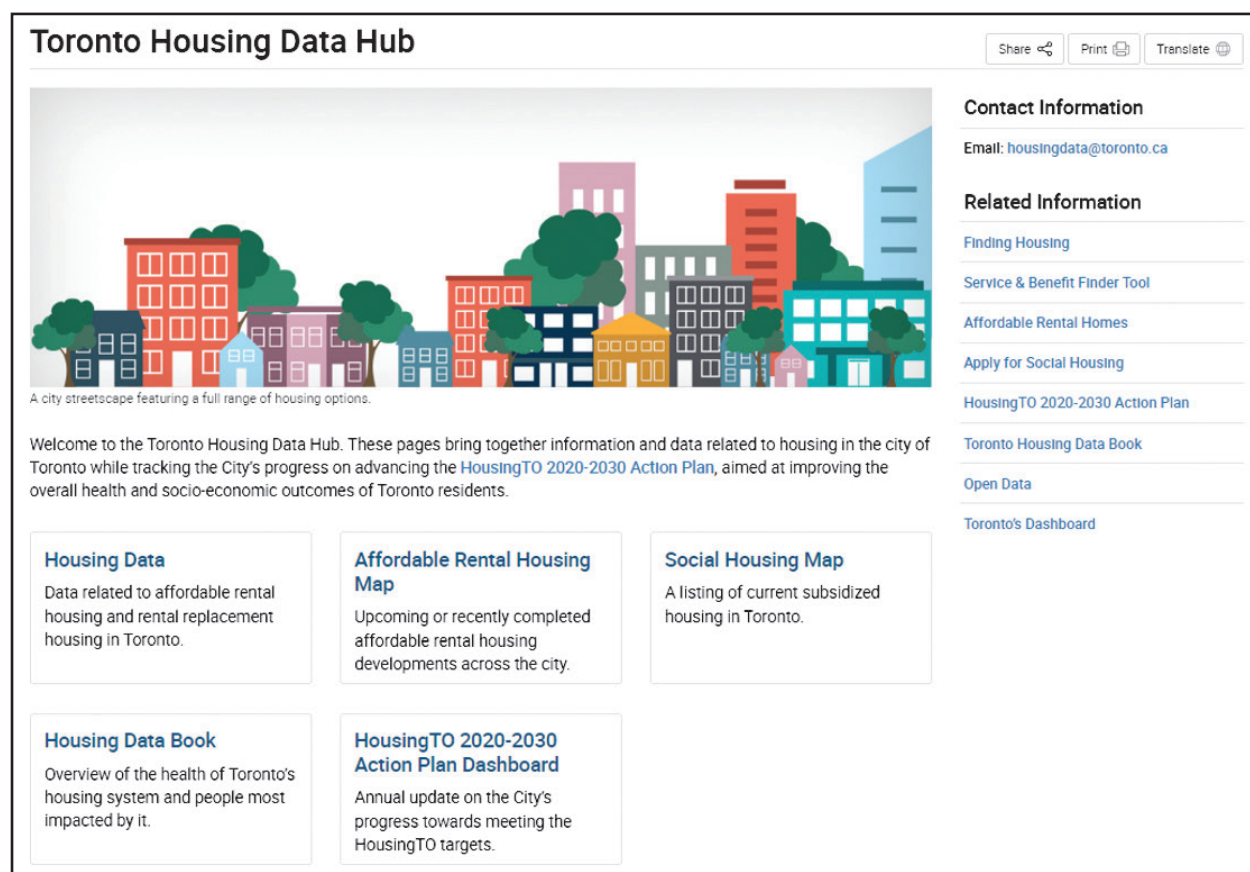


Figure 12: Toronto Housing Data Hub (Source: HousingTO Action Plan 2020-2030 Dashboard, 2023)

CONCLUSION

Applying the right to housing framework to the city's plan to address the housing affordability crisis in Toronto shows that while the issue is of immense significance to the urban development in Toronto, some progress is being made in the right direction. Gaps in the response are related to marginalized groups whose housing needs continue to be neglected as well as in the city's ability to attract the needed funding and systems and policy change at provincial and federal levels that will allow it to act in a more entrepreneurial approach to address the issue. It is not acceptable, in a developed economy like that of Toronto – and Canada at large-, to witness street homelessness as a common and ongoing issue in the city nor for Torontonians to have to make a choice of whether live in adequate housing or prioritize nutritious food intake. A more urgent approach needs to be adopted by the city to accelerate the progress on the targets set in the HousingTO Plan and a more entrepreneurial attitude needs to be adopted to allow for more creative solutions to come up from bottom-up; especially by those most impacted by this crisis.

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