CIVIC ACTION

CHANGEMAKERS NEEDED

THE AFFORDABILITY GAP – IDEA STARTERS

A BLUEPRINT FOR COLLABORATION

LEVERAGING COORDINATION & COLLABORATION TO BUILD MORE AFFORDABLE HOUSING

THE CONTEXT

The Toronto region has an urgent housing affordability crisis. Throughout the region, real estate and rental prices are out of reach for many, construction of new homes continues to lag behind population growth, labour markets are seeing significant gaps in skilled trades, and inflation is significantly impacting costs across the board. It is also a space with multiple stakeholders (including all orders of government), differing views on the path forward, and where process often gets in the way of progress. **What realistic solutions exist to more effectively mobilize private, public, & non-profit actors to make housing more attainable and affordable?**

WHY IT MATTERS

Housing is a fundamental human right in Canada that directly impacts our livelihoods, our communities, and our overall economic success. In fact, "for about 1.7 million households in Canada, housing that is affordable, in decent shape, and suitable for them or their families is simply not available".[i] Yet housing – in all its forms – is increasingly unaffordable and/or inaccessible for many.

On top of this, Canada is set to welcome ~500,000 new Canadians in each of the next three years to help offset significant anticipated labour market gaps, many of whom are expected to settle in the GTHA. Increased housing supply in the rental and homeownership market is critical to achieving affordability – an issue that will only escalate without coordinated commitment and action across civil society.

WHAT WE KNOW

We are facing a severe housing crisis, with increasing scarcity of affordable and accessible housing.

- The last time housing was considered affordable in Ontario was in 2003 and 2004, when the average income would devote 40% of their disposable income to buy an average house. In 2021, a household on average income would have had to devote close to 60% of their incomes to housing.[ii]

The Toronto region is one of the fastest-growing regions in Canada, driven primarily by immigration.

- The population of the Toronto region is projected to reach 8.1M by 2031, representing a 25% increase from today. Immigration is expected to account for nearly 90% of this growth. [iii]
- Although immigration targets are set nationally, 40+% of new arrivals choose to settle within the GTHA, creating additional pressures to adequately handle the resulting demand on housing & infrastructure.

The number of new homes required in Ontario – and particularly in the Toronto region – is significant.

- The Canada Mortgage and Housing Corporation (CMHC) estimates that Canada needs to build an additional 3.5M affordable housing units by 2030 to restore affordability – 1.85M of these in Ontario.[iv]
- The Ontario government has committed to build 1.5 million new homes by 2031 - 285,000 of those in Toronto (an anticipated 23% increase in supply). Meeting this target would mean the completion of 31,050 homes per year, approximately double the average number of units built annually between 2017 to 2021.[v]
- In 2022, Toronto had the largest gap between demand growth and supply growth in purpose built rental apartments among large Canadian cities, driving a vacancy rate of 1.7%.[vi]

External drivers are limiting our ability to get housing built and slowing development, emphasizing the need for better coordination between stakeholders and in navigating processes.

- Although 85% of unmet housing demand can be serviced by the current pipeline of approved developments, less than 50% of approved homes typically get built. Contributing to this are a severe shortage of construction labour, inflationary impacts on cost of land and material acquisition, rising interest rates, and municipal red tape (with some approvals taking up to 10 years).
- Due to a lack of adequate public transit, new housing supply has primarily come from condos concentrated in high-priced core urban neighborhoods, which remain inaccessible to many vulnerable populations.
- Zoning laws create barriers to addressing housing capacity. In the GTHA, modest forms of density remain prohibited in most neighborhoods, with ~75% of usable land zoned for single-family homes only.
- While no one order of government has accountability for housing, all have a critical role to play and unique levers to pull – including access to funding, streamlined legislation, and aligning on policy goals.

SPOTLIGHTING ACTIONS & SUCCESSES

Vancouver's Affordable Housing Endowment Fund

The Affordable Housing Endowment Fund allows developers to contribute funds to a single portfolio comprised of all the city's non-market housing assets, in exchange for a density bonus allowing them to build more units than mandated by existing zoning laws. The AHEF is directly responsible for the creation or preservation of over 1500 subsidized housing units, managed by nonprofit housing providers.

UTILE

Working towards a structural response to the growing need for student housing, this Quebec-based social enterprise offers new housing that is cheaper than residential market prices and develops living environments that are adapted to the needs of the student population. UTILE helps to maximize the positive effects of the dynamism of the student population on urban communities while reducing the pressure it exerts on the rental market. As UTILE is a non-profit organization, its rents are protected from the logic of real estate speculation and their affordability is guaranteed in the long term. UTILE's three current apartment buildings are currently home to 750 students, which they hope to increase to 3,000 by 2027.

KEY TERMS

Affordable Housing:
In Canada, housing is considered "affordable" if it costs less than 30% of a household's before-tax income. It is a very broad term that can include housing provided by the private, public and non-profit sectors. It also includes all forms of housing tenure: rental, ownership and co-operative ownership, as well as temporary and permanent housing.[vii]

Housing Starts:

An economic indicator that reflects the number of residential housing projects that have been started over a specific length of time. These are divided into 3 types: single-family houses, townhouses or small condos and apartment buildings with 5 or more units. A housing start is counted as soon as groundbreaking begins, and each unit in a multi-family housing project is treated as a separate housing start. Monthly changes can be volatile, but the longer-term trend tracks a crucial sector for consumer spending and the broader economy.[viii]

Purpose-Built Housing
Housing built specifically for long-term rental accommodation, and a vital segment of the region's, province's and country's housing stock.[ix]

National Housing Strategy

Announced in November 2017, this is the first plan of its kind with the goal of making sure all Canadians can access housing that meets their needs and that they can afford.

NOTE: This document is intended to provide general background and spotlight actions and innovations in the space. It is not intended to be a complete or definitive set of facts about the topic. Wherever possible, sources have been cited. We apologize for any errors or omissions.

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