

# Housing Regime Change and Spatial Polarization in Toronto

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*Toronto's former socio-spatial mix has given way to sharply emerging polarization: echoing global trends but alarming local opinion. This is explained by the way socio-tenure segregation has shifted with the housing regime in three periods: postwar, the Canadian 'post-postwar', and neoliberal. In the first period, strong price-tenure and income mix arose as a function of the capitalist rental high-rise sector, integral in suburb-building. In the 1970s-1980s 'post-postwar', social housing development met half of net low-income demand – sustaining liveability as 'big city' realities arrived, but reinforcing the postwar suburban location of rental. Together these set the trajectory of socio-tenure polarization in the neoliberal era. These are measured precisely for recent decades. Parallels appear to the trajectory and spatial geography of West European social housing. Useful generalizations on socio-tenure segregation in liberal-welfare regimes explain much less than the profound change by period within the regime type.*

## 1. Introduction

*Welfare regimes, housing regimes, and socio-tenure segregation*

This paper probes the role of the private and social rental sectors in the geography of low income, as the housing regime has shifted from the postwar to the neoliberal era. The links between housing regime and urban space in the Toronto case perhaps have implications for socio-tenure segregation more broadly.

The geography of low income presents many urban social issues. These include social disadvantage manifesting and perhaps arising within low-income neighbourhoods, the inequitable resource-allocating character of housing and neighbourhood, and broader risks of a fractured polity (e.g. Galster and Killen, 1995; Maclennan and Pryce, 1996; Marcuse and Van Kempen, 2000; Atkinson and Kintrea, 2001; Hulse and Stone, 2006).

Housing processes are the main drivers of urban socio-spatial patterns – through production, sorting by price and tenure, differential turnover, and filtering in income, price, status, or quality (Bourne, 1981; Van Kempen, 2005). Demand-side taste and lifestyle, age and family status, and group identity operate within a system structured on the supply side. Ethno-racial geographies and immigrant enclaves arise not from group affinities *per se*, but as these play out through spatial sorting in the housing system (e.g. Abramsson and Borgegård, 1998; Musterd and De Vos, 2007). Analyses of spatial patterns by income or ethnicity that omit housing may be descriptively useful, but to understand the patterns we must examine housing.

Housing system, labour market structure, welfare regime, and urban growth interact to structure the geography of low income, and different housing and welfare regimes may create different outcomes in the face of shared global forces (Murie, 1998; Kleinman, 1996; Doling, 1997; Gibb, 2002). In affluent societies, socio-tenure segregation – differentiation of social class or income by housing tenure (Hamnett, 1987) – emerges as a main difference between regimes. It is argued (Arbaci), 2007 that liberal-welfare and Latin/Mediterranean regimes dominated by market housing generate high socio-tenure segregation, while the more 'balanced' tenure and larger social rental sectors of corporatist or social-democratic

regimes generate less. Certainly in market-dominated systems, spatial segregation prevails. Quality decline and tenure conversion occurs in spatially specific ways, affecting stock of similar vintage in particular neighbourhoods; status and stigmatization come into play, and real estate decline undermines the payoff of maintenance for the property-owner (Rothenberg et al., 1991). Lower-income renters are channelled into lower price/quality segments of private rental, with their particular geography.

Large social housing systems were good at spatial mix in their expansion period (despite the counterfactual of certain tower estates). Examples include Belgian and Netherlands (Kesteloot, 1998; Korthals Altes, 2007); the housing and social mix in interwar suburbs of London or Paris (White, 2001; Chemetov et al., 1989), social housing versus vouchers in New York (DeFilippis and Wyly, 2008), and Singapore and Hong Kong (Van Grunsven, 2000; Delang and Lung, 2010). But this effect may fray or reverse with the residualization of social housing in the neoliberal era of labour market polarization and welfare state retrenchment. The downward-shifting niche of European social housing in the broader housing system, interacting with the spatial pattern of interwar and postwar estates, now generates a spatial sorting analogous to market-led regimes and comparable – if less extreme – poverty concentrations (Musterd and Ostendorf, 2005; Maclennan and Pryce, 1996).

Today, postwar suburbs are the locale of rising social disadvantage in many nations. In Europe the focus is the peripheral estates; in many US cities the ‘inner-ring’ suburbs (e.g. Lucy and Phillips, 2000); in Australia a hybrid of these (e.g. Randolph and Holloway, 2004); and in Canada it is yet another hybrid.

### *Recent Polarization in Toronto*

Toronto is the economic capital of Canada and the cultural hub of English-speaking Canada; it is one-fifth of Canada economically and demographically. With 6.1 million people (2011) it is fast-growing, receiving 100,000 immigrants annually. The urban landscape is mostly low-density but with a dense downtown and notable clusters of apartments in most postwar areas. The housing stock is 58 percent houses, 28 percent high-rise apartments, and 14 percent other. Half of recent production has been high-rise condominiums. Of the 2.2 million households, 31 percent are renters. In that sector 50 percent of units are private-sector apartment buildings, 20 percent social housing, 10 percent rented condos, and 20 percent other. High-rise is 68 percent of rental units. Higher-density housing, and rental, is predominantly in districts built up to the 1970s. A 15-year housing boom shows many signs of peaking but in 2014 still continues, with production one-third above long-run levels and average resale prices about 5 times average family income.

Concerns about neighbourhood concentrations of poverty, its racial minority and new-immigrant face, and gangs and crime, have exploded in Toronto urban discourse. From 1980 to 2000, concentrated poverty in the postwar suburbs rose five-fold to affect 57 neighbourhoods, and the number of poor families doubled – while the outer, post-1980 suburbs had only 1 such area (United Way and CCSD 2004). Such concentrations are mostly clusters of postwar rental towers (United Way, 2011), redolent of postwar Europe but far more a venue of chronic housing stress (Paradis, 2014). A characterization of Toronto as having ‘three cities’ (Hulchanski, 2010, cf Marcuse’s quartered city) has captured the media imagination.

In Canadian research, there has been little connecting rising low-income and ethno-racial spatial segregation with housing system dynamics – although the spatial association of low income and rental apartments is well noted (e.g. Bauder and Sharpe, 2002; Walks and Bourne, 2006). Most Canadian immigration-and-housing research literature has stressed housing choices, conditions, and careers without much reference to how these are structured on the supply side. Canadian research (e.g. Ley and Smith 2000; Murdie 1998; Hulchanski, 2011) has not analysed the role of social versus private rental in the geography of postwar areas’ decline and polarization, and tends to conflate the postwar spatial patterns with those to which that built legacy gave rise in later times.

## 2. Demand, supply and policy in three times

The history and geography of the rental apartment sector has largely shaped Toronto's geography of low income and social disadvantage. Among some Toronto urbanists today there is a notion that this sector is a legacy of 1970s tax incentives, but its history is deeper and more interesting. The rental sector is the product of demand conditions, public policy, and a production regime with a distinct character in each of three periods: postwar, 1945-1975; a Canadian 'post-postwar' from 1975-1995; and neoliberal from 1995 to today. The dominant private-rental production regime and the secondary social rental production regime arose in the housing demand context and welfare state politics of each period.

### *Postwar*

Postwar Canada's 41 percent rise in GDP per capita (1950-1980) exceeded from a lower start the 31 percent in the USA or Australia, although less than the 60 percent in Western Europe (Maddison, n.d.). Canada had among the highest relative growth in larger urban centres among large affluent nations, (Suttor, 2009). Toronto's population almost doubled every 15 years, growing from 1 million at the end of World War Two to over 3 million by 1971, faster than most comparable cities in the USA, Australia or Western Europe (and quite parallel to Manila then). As in many countries, rapid urbanization manifested partly in a mass housing boom.

Although homeownership dominated in postwar Canada, rental demand was relatively much higher than in other Anglo-sphere liberal-welfare countries, at 42 percent of net demand (incremental household growth) in 1950-1975, peaking at 57 percent in the 1960s (Miron, 1988). Urban residents were more likely to be recent immigrants than in the USA, and to have recently arrived from the farm than in Australia. Income and car ownership was lower than in the US; odds of lower wages and job loss were higher than in Australia. Rental was a middle-class as well lower-income sector, with a distribution by quintile like society at large (Suttor, 2009). Canadian households were likely to rent longer and buy later, and this supported net demand for rental, including *new* units. High-rise living was entrenched in middle-class housing choices (Michelson, 1977), and rental lacked any negative association with urban decline.

Rental was significant policy priority in postwar Canada, even though the dominant note was production for home-owners (see Fallis, 1990; Suttor, 2009). Financing builders and developers was a major federal government role, including direct financing and mortgage insurance for new rental. Federal policy-makers considered rental the suitable option for lower-income households, and home-buyers could not deduct mortgage interest as in the US, or look to state bank mortgages or large-scale public housing sell-offs as in Australia. By 1967 they were borrowing at market rates on 5-year terms, with rate risk at renewal, with real house prices doubling in 1964-1974 in Toronto. Corporate income tax law was favourable to rental. There exists no research on how it compares to other countries then, but the negative impact of 1970s tax changes is well documented (e.g. Clayton, 1998).

Most postwar rental production was *purpose-built private rental*, on a market basis. These were apartment buildings or sometimes townhouse complexes developed by firms in the business of developing and owning rental properties for the long term, with long-term financing, no strata-titling, and no intention of selling units to homebuyers or small investors. "By the later 1960s... Canadian urban development was dominated by large firms with a five-part business model: capital gain from land development, profits on house-building, profits from building social rental, income on rental operations, and anticipated long-term appreciation of rental properties" (Suttor, 2009; also Maclelland and Stewart, 2007; Spurr, 1976). This was unlike USA where, despite a 1960s suburban apartment boom, the new large firms built mostly low-density houses and very few apartments (Neutze, 1968; Eichler and Kaplan, 1967); and unlike Australia where flat developers built mostly strata-titled 'units' for sale. In this context, a main legacy of the 1965-73 real estate boom was a large rental housing stock. Some postwar rental has been converted to condominium since then, but in Toronto municipal and provincial law has largely prevented this.

Starting in 1965 in Ontario and 1968-1970 in other provinces, the private rental regime was augmented by social housing production. The latter had been trivial in scale until then (Suttor, 2009; 2011). In the 1960s the Canadian welfare state diverged from the residual US model with more ‘universalist’ programs and more ample income-targeted ones (Myles, 1996). Higher priority for social housing was an integral and direct part of this federal and Ontario welfare state agenda (Suttor, 2014), and production increased ten-fold in 1965 to a level sustained fairly steadily for the next 30 years. In Toronto, social housing had emerged in the 1950s as part of an agenda of the Ontario and Metropolitan Toronto governments, of managed urban growth and mixed-income development. Federal-provincial social housing funding now supported such production at a significant scale from the mid-1960s to the mid-1990s.

### *‘Post-postwar’*

Net rental demand soon subsided from its 1960s peak, but remained at about one-third of net demand from the 1970s to mid-1990s. Canada had a large 1945-1964 baby boom, entering the housing market in the 1970s and 1980s. Canada had one of the strongest relative increases in small households among affluent nations (Suttor, 2009). This, with high 1980s mortgage interest rates creating a barrier to home-buying, ensured high rental demand. The dominant demand-side shift was declining tenant incomes, mirroring trends in European social housing: the share of tenants in the bottom quintile rose from 20 to 33 percent (1967-1988) and the share in the lower two quintiles from 44 to 60 percent (Suttor, 2009). Then in the latter 1980s federal policy doubled the volumes of new immigrants, to 200,000 or more annually, boosting rental demand at just the point when demand from young baby-boomers was fading.

Canadian rental policy in the period was informed by a strong ‘discourse of rental supply’, much less in evidence in the US or Australia. The need to *build* a mix of prices and tenures became entrenched in housing-and-planning ideas by the 1960s (Suttor, 2014), in a context of rapid urban growth where ‘filtering’ was not a practically sufficient strategy, then was reinforced by urban reform agendas in the 1970s. Throughout that decade there was abundant discourse and advocacy and official monitoring of whether enough rental was being built to meet rapid growth, baby-boomer demand, and low-income needs.

Although the Canadian welfare state is liberal-welfare, its 1970s and 1980s social spending was at social-democratic levels, and its tax-and-transfer regime offset rising inequality of earnings and mitigated overall inequality more than in the US or UK (Picot and Myles 2005). The 1970s – in contrast to most of the affluent West – did not bring much challenge to Canada’s variety of welfare capitalism, as it floated through on oil and resource exports, with deindustrialization modest. Slower growth, severe recessions, and international ideas prompted neoliberal challenges, but these did not soon prevail politically. Federal policy remained centrist in the final Trudeau Liberal term (1980-1984) and high public spending was sustained by its importance in meeting regional political needs for the Mulroney Conservative government (1984-1993). This centrist politics fostered an expanding 1970s state role in rental financing, land development, affordable ownership, subsidies to private rental, and social housing: a mixed economy of urban development.

The viability of market rental production was gutted in 1972-1975 by declining tenant incomes, rising interest rates, rising development costs, investor uncertainty in volatile 1970s markets, tax law changes in 1972, rent control in 1974, and the advent in Ontario of condominium tenure (soon preferred by developers). But the discourse of rental supply and housing-as-stimulus prompted a strong policy response. Tax incentives supported the vast majority of private rental production in 1975 to 1982, while direct loans and grants supported one-third of rental production for up to one-third of project costs (Suttor, 2009). This sustained faltering market rental production through a period of high boomer household formation and high interest rates.

The strong local political reactions to postwar ‘public housing’ did not lead to diminished production. Instead the 1973-1978 shift to a mixed-income non-profit program and delivery model made social

housing part of Canada's 'urban success story'. As private-sector production crashed, social housing became the main 1980s vehicle for the rental supply agenda, especially in Ontario. As the federal government then wound down its involvement, Ontario's 1990-1995 social democratic government filled the gap with augmented social housing production.

### *Neoliberal*

The mid-1990s saw a sharp change in welfare state politics and in housing demand conditions, giving rise to a very different housing mix and urban development pattern. A major welfare state retrenchment brought reduced social transfers, and also an end to funding for new social housing. This fundamental shift occurred in a fiscal crisis arising in the wake of the severe 1990-1993 recession, at the same time that neoliberal politics gained ground. In mainstream politics, housing affordability and rental housing both dropped decisively off the agenda for the first time since the latter 1960s.

Ontario's home-ownership rates rose from 64 percent to 71 percent of households from 1996 to 2006, after being at 62–63 percent for decades. Much the same was true in Greater Toronto. This was propelled by earnings growth, declining interest rates, aging, young adult catch-up from 1980-1996, follow-on effects of the doubling of immigration, and favourable federal policy. Low-income rental demand shrank absolutely in 1996-2001 amid declining low-end earnings, large new-immigrant labour supply, lower household formation among them and young adults, and large cut-backs in income transfers (see Suttor and Medow, 2013). Middle-incomes rental demand shrank absolutely in 2001-2006 from more affordable home purchase.

Social housing was seen less as an element in mixed-income urban development, and viewed more as targeted housing for people with disabilities or life transition issues. Postwar rental towers and rental neighbourhoods became perceived as lower-status, and somewhat stigmatized. The modest priority for new affordable rental after 1999 was propelled not by an optimistic postwar agenda of growth and mix, but by an agenda of housing stress and homelessness.

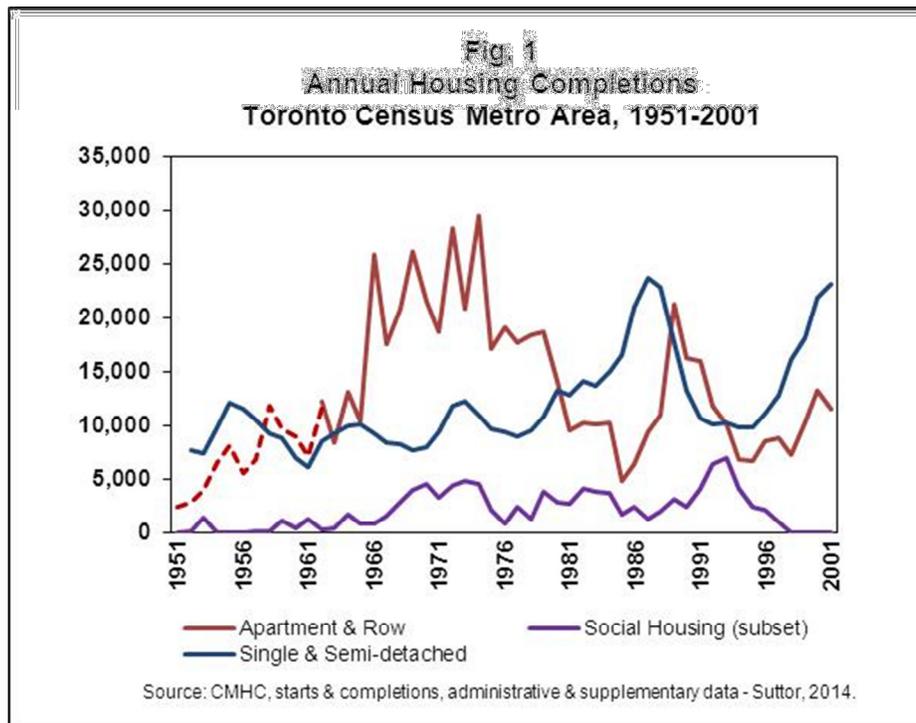
### **3. Results in housing production and stock**

Toronto's postwar suburbs bear the imprint of a rental production regime reflecting the postwar political economy and expanding welfare state. The outer suburbs of the 1980s onward, although housing a wide spectrum of middle to upper incomes, reflect a different housing regime and have much less mix of rental tenure, apartment stock, and lower incomes.

From 1956 to 1981, private rental production was 33 of total production in Canada and in Ontario. Canadian rental production similar per capita to postwar West European social housing (Suttor, 2009). In the Toronto census metropolitan area (CMA), rental apartments comprised 50 percent of total housing production as early as 1955; in the peak years of 1966 to 1975 rental apartment production averaged 20,000 units annually, 63 percent of all new units (Figure 1; Suttor, 2007; 2014).

Ultimately the rental boom created a sector of 280,000 rental units in conventional private-sector apartment buildings in Greater Toronto: 25 percent of all dwellings in 1981 at the end of the postwar era. Almost two-thirds were built in 1955-1975, with only 25,000 predating 1945 and only 21,000 postdating the 1982 end of grants and tax breaks.

Social housing was 8 percent of net growth in Canadian housing stock from the mid-1960s to mid-1990s, with only modest fluctuations. About 40 percent was in Ontario, and half of this in Greater Toronto. In 1965-1975, Toronto virtually caught up with Sydney or New York in social housing stock per capita. From 1966 to 1996 in Greater Toronto, social housing was 10 percent of production, 12 percent of net added housing stock, and 27 percent of net added rental units. The social housing stock was 122,000 units by the end of production in 1996. High-rises comprise 83 percent of units built after 1970 (Suttor, 2014).



Two public housing agencies created in 1954 in tandem with the Metropolitan Toronto government carried out their activities across the area defined by its boundaries – the area of most suburban development until the mid-1970s. Very little social housing was slum redevelopment. By 1965 when public housing production ramped up under a new provincial agency, private-sector apartment development comprised a majority of total production and was on sites sprinkled across the central city and postwar suburbs. Public housing production piggy-backed on this through turnkey contracts with private developers. Although the common perception then and now is of ghettoization in stigmatized public housing towers, the explicit policy objective was to avoid that by integrating public housing with private rental (Suttor, 2014). The typical 1965-1973 public housing tower is part of a cluster of market-rental towers built by the same large private developer around a suburban shopping plaza or along a main road, adjacent to a low-density neighbourhood. Public housing has much the same ‘spatial grain’ as postwar private rental (the few large sites predate the 1965 turning point).

The 1975 shift from state agencies to mixed-income non-profit housing reinforced the fine-grained spatial mix, but also reinforced the postwar geography of social housing. Non-profit projects are smaller (average 90 units) and even more informed by an agenda of local neighbourhood mix and integration. But these had their roots in tenant and neighbourhood associations, social service agencies, ethno-cultural bodies, service clubs, and labour unions – most common in established central-city or older suburban districts. Municipalities that chose to be active in non-profit housing were those with a broader social mix and political discourse: initially the former City of Toronto (the pre-war area),<sup>1</sup> Metro Toronto, and only two of the thirty or so outer-suburban governments (until the latter 1980s). Transit was also a factor in site choices, and provincial policy in the 1980s and 1990s quite neglected expansion of regional rail beyond the 1950s suburbs. So social housing development continued to be concentrated in the pre-war and postwar districts where the postwar private rental housing sat. Although outer suburbs comprised half the urban region by the end of the 1980s, the postwar Metro Toronto spatial frame still dominated the geography of social housing.

<sup>1</sup> The former City of Toronto was amalgamated with the postwar suburbs into a new City of Toronto in 1998.

The outer, post-1980 suburbs have much lower shares of multi-unit rental, declining over time as they filled out with ongoing development in the neoliberal post-rental era (Table 2). The 1980s suburban ring had about 20 percent multi-unit rental units when new; the 1990s suburban ring was lower at 10 percent. In 1985-95 provincial policy together with widespread concern about housing affordability led to social housing development by all four outer-suburban upper-tier municipalities as well as community groups. But this was soon cut off by the neoliberal policy turn and is a tiny part of explosive suburban expansion.

#### 4. Social mix consequences in urban space

The geography of low income in Greater Toronto in the ‘post-postwar’ period was overwhelming a matter of where renters lived in apartment buildings, and a few townhouse complexes (Table 1). From 1971 to 1996, while the region’s housing stock doubled, first -quintile homeowners barely increased. In the rental sector there was little increase in middle and upper-income quintiles after the 1970s, and almost no increase in the bottom quintile in low-density stock.

Table 1. Households by Segment and Date					
	1971	1981	1991	1996	Annual Average Growth
<u>Total Households:</u>					
Private rental	342,760	427,620	509,405	514,805	6,900
Social housing	25,410	58,540	92,390	119,950	3,800
Homeowner	466,745	659,790	842,980	922,170	18,200
Total	834,940	1,145,950	1,444,775	1,556,950	28,900
<u>First (lowest) quintile:</u>					
Market rental	80,200	116,800	137,000	139,500	2,400
RGI social housing	14,700	45,300	63,900	81,800	2,700
Subtotal renter	94,910	162,120	200,920	221,340	5,100
Homeowner	68,990	64,285	85,950	87,210	700
Total	163,900	226,405	286,870	308,550	5,800
<u>Apartment &amp; rowhouse</u>					
1st-quintile renter	78,170	149,445	182,245	205,705	5,100

Source: census and administrative data - Suttor, 2014. Totals vary due to rounding.

The postwar rental boom not only transformed the geography of poverty, but also the landscape of immigration. Until the 1960s, most non-English-speaking immigrants settled in working class areas of the central city. By 1981, 47 percent of recent immigrants (within 5 years of arrival) lived in postwar suburbs, more than in the central city – a share unchanged by 2001 after years of high immigration. There is a common misperception in Toronto that the new-immigrant shift to inner suburbs is a post-1980s trend – undoubtedly reflecting expanding absolute numbers, more ‘visible minorities’, and more obvious poverty. Almost half of Greater Toronto’s ongoing 4,000 to 5,000 annual net increase in low- and moderate-income immigrants has been accommodated in inner-suburban rental. Their presence in the multi-unit rental sector doubled between 1981 and 2001, reaching 1 in 4 households. They accounted for 85 percent of increase in low and moderate income households, and all net rental growth (Suttor, 2007).

Social housing production also had large impacts on the geography of low income. Its volume was sufficient to absorb, and to locate spatially, about half of the first-quintile segment of ongoing growth. All social housing production in 1965-1975 was low-income-targeted RGI (rent-geared-to-income), and about two-thirds after that. By 1996, 37 percent of first-quintile renters had RGI rent, up from 3 percent in 1971. From 1971 to 1996, the 67,000 added first-quintile RGI accounted for 9 percent of Greater Toronto's growth in households, and the net added 59,000 first-quintile market renters for 8 percent (Suttor, 2014).

Although the trend of income decline in Canadian rental is quite parallel to European social housing (Suttor, 2009), most of this is in *market* rental. Toronto social housing RGI tenants above the first quintile largely disappeared in the early 1970s. Income decline within RGI social housing accounts for only 8,000 of the 126,000 added first-quintile renters in the 1971-1996 period (Suttor, 2014). The poverty concentrations in postwar rental neighbourhoods are not, as in Western Europe, a function of social residualization in social housing. They are a product of additions to rental stock in postwar suburbs in the 'post-postwar' period, together with income decline in the postwar private rental stock.

Table 2 shows the share multi-unit rental stock in successive rings of urban growth, and of low-income renters in that stock. The relative presence of multi-unit rental in the central city and postwar suburbs was largely sustained as incremental development continued. The relative presence of low-income renters in that stock rose, especially in postwar areas. The strongest differences are not income trends by area within multi-unit rental stock, or stock change by area, but simply the much higher presence of multi-unit rental in older suburban areas.

Table 3 shows the increment of low-income renters by broad suburban ring and period in 1971-1996.<sup>2</sup> The increment in first-quintile RGI was the same in the central city and postwar suburbs (26,000 households each), with 16,000 in outer suburbs. It is skewed to earlier years in postwar suburbs as a function of provincial public housing production, and to later years in the central city due to local policy.

The result of 'post-postwar' 1975-1995 social housing production was quite different in the central city and inner suburbs, in terms of income mix trends. The (former) central-city municipality had a consensus 'urban reform' housing agenda of income-mixed development, especially downtown. It assertively used federal-provincial social housing funding, supplemented by municipal sites, active support of non-profit groups, and contributions levered from office-tower developers. The net result until 1995 was that social housing offset the gentrification-driven shrinkage of low-end market rental, and created a very income-mixed profile of growth. In 1971-1996, 80 percent of central-city growth in households was rental; social housing at 45 percent of the total; and 44 percent of total growth was low-income. This shifted radically after 1995 as social housing production ended and the current condo boom started.

Within postwar suburban rental, the share in the lowest income quintile rose from 22 percent of households (1971) to one-third in the 1980s and 40 percent by 2001 (Table 2). Social housing *at first* accounted for a disproportionate share of these low-income renters, but after 1971 about two-thirds of the net increment of first-quintile renters in postwar suburbs was in market rental, as middle-income renters moved out. New social housing until 1996 simply reinforced the trend to more low-income people in the postwar rental stock in postwar areas.

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<sup>2</sup> 1971 is the earliest date for which this census and administrative data can be compiled; 1996 marks the end of Canadian social housing production. The RGI share of first-quintile renters is not available in the Canadian census, but is calculated in Suttor (2014) from administrative and archival records.

Table 2. Multi-unit Rental and Low Income by Area

Districts by Period of development:	Multi-unit Rental % of Total Stock by Date					First quintile % of Multi- unit Tenants by Date					Relative % Low Income Concentration by Date				
	1971	81	91	01	06	1971	81	91	01	06	1971	81	91	01	06
	(a)					(b)					(a x b)				
Central city	46	50	54	51	52	32	40	38	39	42	15	20	21	20	21
1945-70 suburbs	39	44	43	42	40	22	32	35	39	41	9	14	15	16	16
1970s suburbs	-	29	29	26	24	-	30	32	35	38	-	9	9	9	9
1980s suburbs	-	-	19	15	14	-	-	28	32	36	-	-	5	5	5
1990s suburbs	-	-	-	10	9	-	-	-	37	40	-	-	-	4	3

Source: census data - Suttor, 2007 and 2014.

Table 3. Net Change in Low-income Renters by Area and Period

	1971-81	1981-91	1991-96	Total 1971- 1996	1996-2006
Change - First-quintile in RGI Social Housing					
Downtown	5,000	3,100	1,800	10,000	700
Other Central City	6,000	5,800	3,800	15,500	300
Inner Suburbs	16,400	4,700	5,000	26,000	200
Outer Suburbs	3,200	4,900	7,400	15,500	200
Greater Toronto	30,600	18,600	17,900	67,000	1,400
Change - First-quintile Market Renters					
Downtown	900	-1,200	-1,000	-1,400	2,100
Other Central City	4,400	4,400	-600	8,200	-400
Inner Suburbs	16,600	10,300	4,600	31,400	-300
Outer Suburbs	14,900	6,900	-500	21,300	7,600
Greater Toronto	36,600	20,300	2,500	59,400	8,900
Change - All First-quintile Renters					
Downtown	5,900	1,900	800	8,600	2,700
Other Central City	10,300	10,200	3,200	23,700	-100
Inner Suburbs	32,900	15,000	9,600	57,400	-100
Outer Suburbs	18,100	11,800	6,900	36,800	7,800
Greater Toronto	67,200	38,800	20,400	126,400	10,300

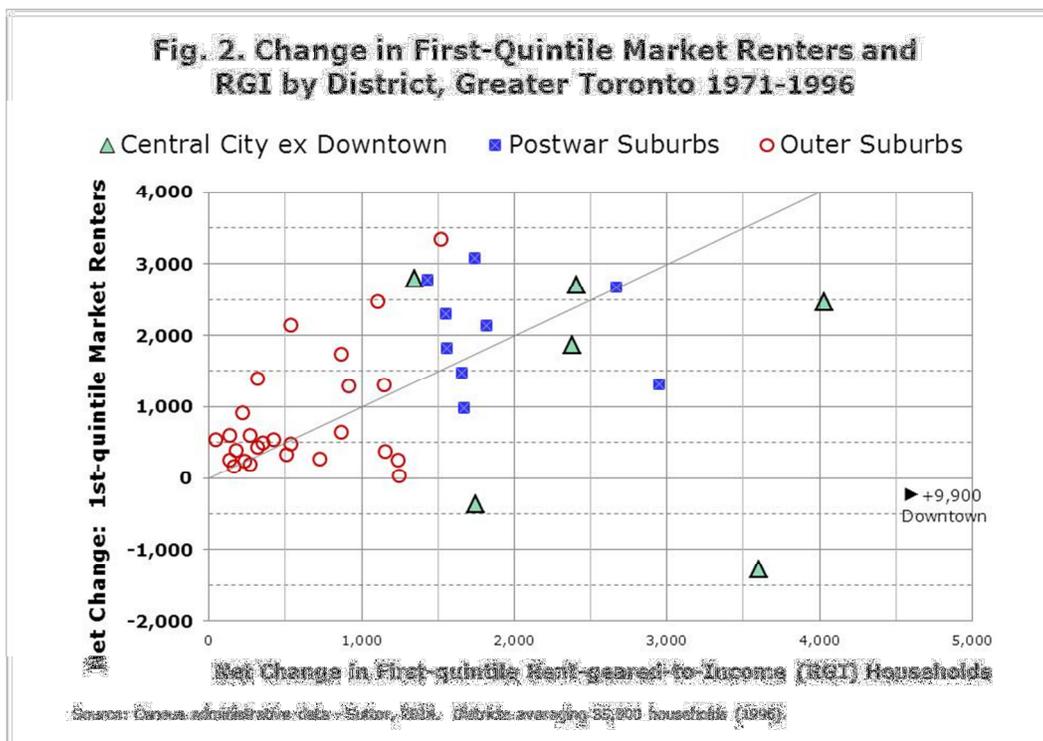
Source: census and administrative data - Suttor, 2014. Totals vary due to rounding.

The differences between postwar and outer suburbs in the evolving low-income geography apply to all districts (Figure 2). Postwar and outer suburbs alike have seen market stock accommodate a small majority of net added first-quintile renters. But postwar suburban districts have absorbed more in the market as well as more in RGI social housing. Because postwar areas have far less growth than either the central city or outer suburbs, these added low-income renters comprise a large share of net change.

The simple geography of private rental tenant turnover explains most of the rising concentrations of lower-income renters in the inner suburbs, before ethno-racial affinities, information networks or discrimination are considered (Suttor, 2007). Private-sector rental apartment buildings are mostly in the inner suburbs and turnover there is higher than elsewhere, at 7 to 8 percent monthly in lower-rent districts. Openings in inner suburbs accounts for half of available rental units at any point in the Toronto city-region, and two-thirds for larger family-sized units. In the private-rental apartment building sector, rents in downmarket areas are 20 to 25 percent lower than in up-market areas.

The simple percentage of low-income households in multi-unit rental somewhat understates the rising inner-suburban issues of poverty and housing stress (see Paradis, 2014). Relatively more renters are families with children rather than the baby-boomer couples of yesterday (Suttor, 2007), and average renter household size has been rising. Those in the lower-middle quintile are often stretched to afford market rents if they need family-sized units. The recent stability of first-quintile numbers reflects partly the downward adjustment in low-income housing consumption: poor people are less able to form households in today's housing market and labour market, especially given a relatively shrinking non-market sector.

The upshot is that the postwar suburbs are Greater Toronto's 'crunch' area for poverty. From 1981 to 2001, the inner suburbs absorbed almost 60 percent of the region's increment in first-quintile renters in multi-unit housing (Suttor, 2007). Although these households are barely rising as a share of all inner suburban households, they continue to rise as a share of that stock in these areas. Spread unevenly by neighbourhood, this has been enough to produce the leap in concentrated poverty.



In the outer suburbs, social housing became more important over time, but not enough to affect income mix. In the 1970s, market rental production was much larger than social housing, accommodating far more increase in low-income renters. For the brief 1985-1995 period (above), social housing production accounted for a majority of net added low-income renters in these areas. But this lagged far behind ongoing suburban expansion. Social housing accounted for ½ percent of outer suburban households in 1971 but 4½ percent by 1996. Since 1995 the outer suburbs have seen condo production in nodal centres, secondary rental of condos and houses, and basement suites, but minimal rental production. Therefore, despite only minor shifts in suburban home-owner income profiles, the lack of rental means much less presence of lower-middle and low incomes than postwar suburbs ever had (Suttor, 2014).

## 5. Conclusions

The variety of history, and variety of national welfare-and-housing regimes, is as large as regime generalizations. And housing subsidies have been very significant in structuring the rental system in liberal-welfare regimes (Hulse, 2003).

The rental sector in postwar suburbs was central in the way Toronto, and other Canadian and Australian cities, avoided large-scale inner-city decline in the postwar years. In Australia, widespread working-class home ownership and social housing ‘decanted’ lower-income demand to the suburbs (Badcock, 2000). In Canada it was mostly private-sector rental apartment production. If Greater Toronto’s 126,000 net increment of first-quintile renter households (1971-1996) had all been in the central city (the US postwar model) then first-quintile renters would have risen to 180,000, equating to 58 percent of 1971 central-city households. Although gentrification is a large reality in Toronto (Walks and Maaranen, 2008; Skaburskis, 2010) it is a disproportionate focus in the research literature. The central city absorbed just 11 percent of Greater Toronto’s 1980s and 1990s net increase in upper-middle and upper-income households (Suttor, 2007) and in the ‘post-postwar’ era its net growth was strongly income-mixed. The rising concentration of lower-income residents in inner suburbs, in the context of rapid growth, has been driven far more by lack of housing price-tenure mix in outer suburbs than by net low-income displacement from gentrification.

Canada and especially Toronto in the 1960s to 1980s had a ‘mixed economy of urban development’. Although the market dominated, the elements of market-management by the state, and the non-market sector, were sufficient to alter market outcomes. This is broadly parallel to the welfare state in general, where various policy levers and modest decommodified services and transfers do the same. Toronto’s geography of low income was shaped about half in the market and half in the ‘non-market’. Moreover, by 1981 the system of RGI was lowering rents to half of market levels for one-third of low-income renters, and by the 1990s to under 40 percent of market for 40 percent of low-income renters (Suttor, 2014).

It is entirely probable that this non-market sector in the ‘post-postwar’ reduced the impetus for quality downgrading as a market response to low-income demand (see also Skaburskis and Mok, 2000). If the RGI tenants added during the 30-year social housing prime period had instead rented in the market, there would have been 50 percent more low-income *market* renters in 1991 than there actually were, and 66 percent more by 2001 – inducing far more lower price/quality market supply.

Greater Toronto is now almost two decades past the end of active social housing production. If first-quintile renters remain at about 12 percent of households and the city-region’s growth continues at 300,000 households per decade, then the ongoing 35,000 to 40,000 decennial increase in low-income market renters will soon match the number of RGI units that absorbed half of low-income renter demand for a generation. Despite the fading image of Canada as a kinder, gentler America, the market was dominant historically in Canada (see Harris, 1999), and it is dominant in the long run.

A fundamental urban difference between postwar 'Europe and America' was perhaps that – although each had some net rental supply by production and some by filtering – *building* was the dominant mode of supply in Europe and filtering in the USA. The US postwar 'inner city' was not just about the racial divide, disinvestment, municipal fragmentation, and a weak welfare state: it was about primary reliance on filtering to house the lowest quintile of very rapid urban growth. The social-spatial mix of postwar European cities arose partly from rental production – less inevitably spatially concentrated than filtering. It had once been so in the USA too: in the 1920s, 'multi-family' construction accounted for about one-third of urban new units (Woodbury, 1930). The parallel of Toronto's postwar suburban rental to European social housing is made (e.g. Murdie 1998). But Toronto's inner suburbs today evoke not so much Europe, nor what Toronto was in the postwar years, but rather aging 1900-1930 house-and-apartment neighbourhoods of New York's outer boroughs or San Francisco in that postwar era. The spatial mix effects of new production may apply in any system with large rental production.

Agendas of spatial mix at the neighbourhood level will necessarily fail without agendas of spatial mix at a broader level. Canada's 1970s and 1980s agenda of mix within social housing projects, and of those projects in their neighbourhood setting, missed that bigger picture. If low-income demand is not met in expanding suburban districts, then in a fast-growing city-region it must unavoidably comprise a large share of net change in lower-status market segments in older locales with little growth. In the homeowner era, the most vulnerable segments of stock and urban space are the postwar apartments. 'Coming off' a regime of high rental production and mixed urban development to more polarized one – be it in mid-century New York, post-1980s Europe, or Toronto's postwar suburbs – determines rental apartment locales as venues of the new urban poverty.

The narrative of declining postwar suburbs in Toronto does miss much of the character of these areas. At least half the income decline is in the homeowner sector: associated with subsiding 'inner ring' relative status and price, aging in place, and infill of new condos with wide income mix. The postwar suburbs overall are socially mixed areas, not deprived ones, with a diversity of neighbourhoods and fairly good community services. They play an important systemic housing role, offering the bulk of the region's stock of lower-middle quality and prices that can be had at lower-middle incomes. Although meagre *rapid* transit service is a big issue, these areas are within a 45-60 minute transit commute (average for Toronto) either inward to downtown or outward to peripheral job-growth zones. As Myers (1999) noted in the US context, even while a 'declining' area's income trend is downward the trajectory of many residents is upward to better incomes and outward to better housing, as they move through the lifecycle or beyond the difficult first years after immigrating.

Urban discourse in Toronto has started to grapple with the urban and architectural/structural future of the several hundred postwar towers (Maclelland and Stewart, 2007; E.R.A Architects, 2008). There are large fundamental challenges to sort through. For Toronto's social housing towers, at current rates of regeneration they are on a 500-year replacement cycle. For the private rental towers, compared to the classic case of small landlords in declining low-density areas (e.g. Rothenberg et al., 1990) there appear many differences: in cost functions of complex mechanical-electrical and structural systems as these affect disrepair; in corporate owners' long-term investment objectives; in the politics and mechanics of enforcing property standards and incentivizing owners; and in market impact on adjacent low-density areas. Compared to European estate renewal (e.g. Murie et al., 2003), two large differences are very clear: the tiny political and budgetary involvement of the Canadian and Ontario state; and the fact that most are privately owned. Current pilot programs struggle with these issues, and suffer from the absence of any perspective from real estate economics, or from housing studies, about the changing social and market niche of this housing in the broader housing system.

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