A Review of Affordable Rental Policy in Toronto, 1997–2017

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Greg Suttor
Wellesley Institute, Toronto
Greg@wellesleyinstitute.com

The analysis and interpretations in this paper are those of the author, not of the Wellesley Institute.

1. Introduction

This paper reviews affordable rental policy in Greater Toronto in 1997–2017, the two decades since social housing devolution. It includes intersecting federal, provincial and municipal policy. Although two-thirds of low-income renters are in private rental, the focus here is more specific. This paper's scope is social housing, new affordable rental, demand-side assistance, supportive housing, and related frameworks.

A profound policy shift separates the period this paper covers from the era of active Canadian policy, from 1965 to 1995. In that era, social housing production in the Toronto area averaged 3,900 units annually, 12 percent of total production; this created a sector of 129,000 units or 7 percent of all housing stock by 1996.[1] Municipalities had housing corporations and dealt with neighbourhood housing issues, but did not run the show. Governments were also active in rental repair programs and assisted private rental.

Devolution unfolded over several years, but 1997 was a watershed. In 1993–1995 the federal and Ontario governments had ceased funding new social housing. The federal government then devolved its remaining program management role to the provinces, and withdrew from active policy. In 1998–2001 Ontario transferred its public housing stock to municipalities, devolved to them the administration of social housing programs, devolved $1 billion in annual funding responsibility, and cut its role and policy capacity to a minimum. In 1997 no new social housing was built in Ontario for the first time since 1950; federal devolution was cast into legal agreements; and provincial social housing subsidies terminated at year-end.

The amalgamation that created today's City of Toronto in 1998 converged with a transformed housing role. The City had huge new funding responsibilities; it had new program admin roles, homeless programs, and models for new affordable rental production; and the municipal social housing stock that had doubled to 57,000 units. The completion of housing devolution in 2001 coincided with abolition of a brief-lived Greater Toronto body, closing off any revival of regional approaches that were so successful in the 1950s–1970s.

Several themes stand out in this review. Fortuitous market conditions alleviated pressures on low-income rental for a few years, but more severe issues are now evident. The institutional and fiscal regime created by neoliberal policy two decades ago is entrenched and enduring. The policy moves at the provincial and municipal level have been weak overall – as devolution intended – and regional policy is absent. Respectable initiatives have happened in new affordable rental, repair/retrofit, regeneration, and

[1] Comprehensive data in Suttor (2014), *Canadian Social Housing* (PhD, University of Toronto), 233-242. Pre-1965 production was 6,000 units.

supportive housing; and a broad shift to demand-side policy is happening. The new National Housing Strategy is significant, but the expiry of twentieth-century funding structures and flows presents large risks and opportunities that policy-makers are only starting to grapple with. Although new public/media attention to affordability has yet to affect low-income rental policy, this converges with policy-driven changes to suggest we are entering quite a different period.

Intersectoral partnerships and private finance, themes of the UAA conference panel for which this paper has been prepared, do not emerge prominently in this review. The place they do appear strongly is in new affordable rental, where private-sector proponents account for one-quarter of units that have received public funding, and a public-private partnership has been key in large-scale public housing regeneration.

2. The Toronto Context

Greater Toronto – some basics

The Greater Toronto Area (GTA)[2] is approaching 7 million people (2018),[3] with average growth 86,000 or 1.6 percent annually (2006-16). It is Canada's primate city, dominating finance, head offices, high-order services, and English-language media. It has a large post-secondary education sector, and retains significant manufacturing. It is known as a livable and multiracial global city, with high social and income mobility, and receives 100,000 immigrants a year.[4] It has 48 percent of Ontario's population and 18 percent of Canada's.

Toronto has its challenges. Its income disparities are wide, with typical fifth-quintile incomes ten times those in the first quintile.[5] There are extreme issues of housing affordability and supply-demand imbalances. Compared to Canada's three other large provinces, Ontario has under-investment in public services from health care to transit. There are more low-wage, temporary and non-status workers; more old rental buildings; deepening socio-spatial segregation; and a generation or more of racialized poverty.

Government roles and institutions

The federal, provincial and municipal governments are all significant in affordable rental policy in the Toronto area. The federal government has historically led policy on housing finance and social housing. Most social housing programs are legacies of past federal policies, and it has renewed its lead since 2016.

Canada's provincial governments have the largest role in housing policy. This reflects Canada's character as the world's most decentralized federation,[6] and is tied to the provincial lead role in social and health programs.[7] Provinces spend a far larger share of the public dollar than US states: for example, Ontario

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[2] The terms Greater Toronto, Toronto area, and GTA are used synonymously in this paper. Census Metropolitan Area (CMA) data are sometimes used as an available surrogate. (The Toronto CMA is an anachronism, its east and west boundaries set 50 years ago, omitting 0.6 M people in municipalities that are clearly part of the functional urban area in terms of house prices and commuting.)

[3] 6.4 million (2016 census). Ontario Ministry of Finance data, compensating for undercounting in the census, are 6.75 million (2016) (https://www.fin.gov.on.ca/en/economy/demographics/projections/table4.html); 2018 population can be interpolated at 6.9 M.

[4] Some points of context and provincial policy in this paper are adapted from Suttor (2014), "Post-Neoliberal or Just Past Social Housing? Affordable Housing Policy in Ontario, Canada since Devolution" (ENHR conference paper, 2014).

[5] i.e. 1st versus 9th decile.

[6] See Obinger, Leibfried, & Castles (2005), *Federalism and the Welfare State: New World and European Experiences* (Cambridge University Press), Chapters 1 & 8; J. Darby et al. (2002), "Fiscal Federalism and Fiscal Autonomy: Lessons for the UK from Other Industrialised Countries", *Scottish Affairs* 41: 26-55; K.G. Banting (2005) "Canada: Nation-building in a Federal Welfare State", Chapter 3 in Obinger et al.

[7] Federal Old age pensions, employment insurance, and child benefits are large and important exceptions.

spends as much as California which has three times its population.[8] Provincial roles in housing arise also from jurisdiction over real property, including land tenure, land use, condo law, and residential tenancies. Over the past half-century the weight of policy and funding activity in Canadian social housing has shifted from the federal to provincial level.

Canadian municipalities account for 10 percent of total public spending,[9] but it is notably higher in Ontario. Municipal spending is about $2,100 per capita in Greater Toronto's suburban regions, $2,600 in the City of Toronto.[10] Municipalities are legally subordinate to the Ontario government, which actively oversees them. They have only modest power to do things that are not specifically enabled by provincial legislation. The GTA consists of the unitary City of Toronto (population 2.7 million in 2016) and a ring of five regional municipalities in which nest 24 local municipalities (3.7 million). The upper-tier/unitary municipalities have large policy, delivery, and co-funding roles in public health, welfare assistance, nursing homes, child care, homelessness services, and housing.

The municipal role in social and affordable housing is prescribed and constrained in detail in Ontario legislation and regulations. Main roles are to administer programs, including funding flow and oversight of non-profit providers; to own and operate the over half of social housing that is public rather than third-sector; and to fund. In Ontario, anomalously among affluent nations, two-thirds of social housing subsidy (rent and amortization subsidy, etc.) is paid from municipal taxes. A separate sector of non-profit co-operatives (11,700 GTA units) is administered federally; and a separate 5,000-unit sector of mental health supportive housing is funded and overseen by Ontario's Ministry of Health and Long Term Care.

The Ontario government takes an active role in Toronto-area urban development. There is a formal Growth Plan, setting growth boundaries and intensification targets that cascade down to local planning. Municipal land use decisions are routinely appealed to the quasi-judicial Ontario Municipal Board. Financing of hard infrastructure is shaped by provincial legislation and co-funding. The expanding outer-suburban freeway system is provincial, as is the rush-hour commuter rail, soon to be transformed into an electric suburban railway system on a European model. Except the regional transit authority, there is no GTA regional body.

Political and fiscal climate

Politics in Canada, Ontario, and Greater Toronto have been dominated since 1997 by centrist governments of socially progressive outlook but much fiscal caution, prevalent low-tax attitudes – and neoliberal interludes. Severe cuts in tax revenues and programs were made in 1995–1997 by a federal Liberal government and an Ontario Conservative government, and in 2011–2015 by a federal Conservative majority government. Both levels embraced strong stimulus policies in 2009–2011, and Ontario gradually came almost out of deficit, without slash-and-burn. Since 2003 in Ontario and 2015 federally, the Liberal government is centrist, socially progressive, inclined to small social program initiatives, but low-spending on social programs except education and health care. The same climate of centrist politics and fiscal caution applies, by and large, at the municipal level.

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[8] Compare California. (2013) *State Budget 2013-14*; Ontario (2013) 2013 Ontario Budget. Chapter II.
[9] Kitchen and Slack (2006), *Trends in Public Finance in Canada.*
[10] Kitchen (2011, presentation), "Metropolitan Governance and Finance – Canada"

This has been a more benign and stable situation than in the USA or much of Europe, reflecting Canada's economic good fortune in the global commodities boom and the Global Financial Crisis. But centrist or centre-left politics mean something quite different today in the neoliberal era, from what they meant a generation or two ago with expanding public programs. English-speaking Canada is culturally a US satellite, akin to a US 'blue state', uncertainly resisting adverse waves in the US multi-channel/social media universe.

Housing type and tenure

Among Greater Toronto households, 33 percent rent (2016 census)[11] and half of renters have low incomes.

Half the rental sector is a corporate private rental sector, mostly high-rises of 150 units or more built between 1960 and 1980. Most of these are sprinkled across the central city and also the postwar suburbs, in a way that creates significant mix of tenure, built form, and social profile in the latter areas. The other half of the rental sector consists in approximately equal shares of rented condo apartments, social housing, and rented houses. This official data does not capture much of the ill-measured downmarket secondary rental sector of basement apartments and rented rooms, totalling several tens of thousands of units.

The GTA social housing sector of 129,000 units comprises about 37,000 market-rent units and about 92,000 RGI.[12] About 55 percent of this is publicly owned, and most of this is Toronto Community Housing Corporation (TCHC), the municipal provider in the City of Toronto. There are also 7,000 new non-profit or municipal rental units developed since 1999 (section 4), a sort of quasi-social housing with little RGI and no ongoing subsidies. Social housing, though only 6 percent of GTA households, houses about one-third of the region's low-income renters. Less than 10,000 households receive rent subsidies in private rental.[13]

At the margin, in terms of incremental change over the past two decades, most added low-income renters have been housed in downmarket private rental, an expanding subsector of ill-maintained postwar towers, basement apartments, and also rented rooms.

Housing market trends

Housing market trends were very different in first decade this paper covers (1997–2007) from the second (2007–2017). In the first decade Canada had strong growth, with a 30 percent rise in GDP per capita, yet a very benign housing market. Ontario's real household incomes rose 15 percent, the best gains since the 1970s.[14] Along with declining interest rates, favourable federal policy, surging populations of young adults and semi-recent immigrants (10 or so years after arrival in Canada), and pent-up demand from the severe early-1990s recession, this created a homebuyer boom.

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[11] 1,562,585 homeowners, 758,460 renters, 2,321,045 total.

[12] Total units: 127,545 per Greater Toronto CivicAction Alliance, *Toronto Regional Housing Data Bank*, 33. Add 1,483 mental health supportive housing units (excludes rent supplement without supply funding): see Suttor (2016), *Taking Stock of Supportive Housing for Mental Health and Addictions in Ontario* (Toronto: Wellesley Institute), 10. RGI units: 92,486 circa 2000-2005: see Suttor (2014), *Canadian Social Housing*, table A3.4 (current comprehensive data not available, but little changed). Non-profit and municipal post-1999 units, see section 5 of this paper.

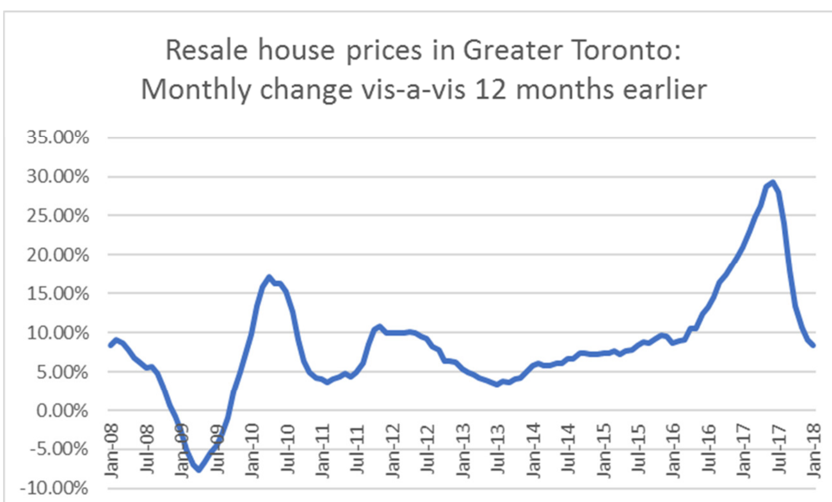
[13] 3,172 Strong Communities Rent Supplement (CivicAction, *Housing Data Bank, 46);* 3,000 mental health; estimated 2,000 miscellaneous including 905 municipally-funded-only units beyond statutory obligations.

[14] Data for from 1996–2010. CANSIM Table 202-0405; see also OECD, 2014.

One result was shrinking net rental demand in 1996–2006, for the first time ever recorded; the number of GTA renter households declined by 32,000 while homeowners increased by 388,000.[15] From 1996 through to 2011, the renter share of GTA households declined fairly steadily from 40.5 percent to 30.8 percent. Rental housing was residualized, rental production was small, and rental issues became politically marginal.

In 1996–2006 *low-income* renters in Greater Toronto decreased by an average 1,800 households annually. Most of this was in the late 1990s, with complex causes. It can be attributed to declining low-income household formation amid losses of well-paid lower-skilled jobs, reduced social benefits, and no new RGI; to rising numbers of ill-counted basement and room renters; and to rising incomes in the strongest sustained economic expansion in a quarter century. By 2001–2006, the number of low-income renters was inching up again; and negative net rental demand was entirely due to the homebuyer boom, as a large wave of middle-income renters moved into ownership.[16]

The second decade saw more moderate economic growth, and an accelerating return of rental demand. Canada felt the Global Financial Crisis fairly lightly, helped by the global commodities boom, a stable residential lending situation, as well as stimulus from the Canadian, US, and Chinese governments. After the recession, resale house prices rose fairly steadily at 5 to 10 percent annually. Tightening homebuyer affordability shifted demand into condos, which account for half of recent production. A sharp price spike occurred in 2016–2017, bringing home purchase prices to levels of unaffordability comparable to Vancouver or Sydney. The spike proved brief, and price trends have been decelerating since mid-2017 – undermined by a new tax on foreign buyers of real estate, somewhat rising mortgage interest rates, and much tighter requirements for mortgage borrowers that the federal government imposed. It remains to be seen whether this is a subsiding back to the 2011–2015 trend, or an end of the boom.



Source: Teranet-National Bank House Price Index™ [paired comparables]

[15] 1996: 651,270 renters, 958,690 homeowners; 2006: 619,340 renters, 1,346,580; 2011: 668,415 renters, 1,498,670 homeowners (Statistics Canada, census; NHS for 2011).
[16] Suttor and Medow (2013), *Where's Home? 2013: Looking Back and Looking Forward at the Need for Affordable Housing in Ontario* (Ontario Non-Profit Housing Association).

The squeeze on homebuyer affordability has also shifted demand into rental. In 2011–2016, rental accounted for 58 percent of net increase in GTA households, and the region had zero net increase in homeowners under $100,000 household income, or homeowners under age 45. A large cohort of millennials competes for high-priced condo rentals or low-priced basements, rents are rising well ahead of general inflation, and lower-income renters face more middle-income competition.[17] This is the first time in over 70 years that Toronto has had high net rental demand *in combination with* very low production of moderate-priced new market rental or social housing. It is unclear how the market or policy will respond.

This pressured market of the 2010s, and especially 2016–2017, has put housing affordability strongly in the media and political spotlight. Rental issues are part of this. It is a profound change from the benign market and marginalization of rental that the GTA experienced in 1996–2006.

Housing stock, social profile and rental issues are markedly different in the central city (0.8 million population, 2016 census), inner suburbs built in the postwar years (1.9 million) and outer suburbs (3.7 million) – the latter known locally as the '905' after the telephone area code. In 2016, the outer suburbs had 52 percent of GTA households but just 31 percent of GTA renters, and 22 percent of GTA social housing.[18] The postwar suburbs had very disproportionate shares of first-quintile market renters.

Strongly emerging social disparities between these three broad rings, and widening income disparities by neighbourhood, have become a large concern in Toronto.[19] Associated with this are rising concentrations of low-income recent immigrants and disadvantaged racialized groups (regardless of immigrant status), in downmarket rental enclaves in the inner suburbs. Most postwar areas, except a few rapid transit nodes, have grown very little over the past generation; yet they have absorbed about one-half of regional increase in low-income renters, mostly in their postwar apartment blocks as middle-income renters moved out.[20] Rental apartments in those districts have become increasingly stigmatized, while a racially diverse middle class moves out to expanding homeowner automobile suburbs lacking the tenure mix of postwar areas.

3. Social Housing

Scale of the sector

In the two decades since devolution, the scale of the social housing sector in Greater Toronto is essentially unchanged, and its significance as an option for low-income renters has declined slightly. RGI social housing equated to 42 percent of the region's first-quintile renter households in 1996 when production ended and the devolution decisions were taken, declining to 37 percent by 2016.[21] If we measure households under $30,000 income (real 2016 dollars), the ratio has been steady at 43 percent.[22]

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[17] See Suttor and Leon, "6 Toronto Rental Housing Highlights in the 2016 Census" blog at http://www.wellesleyinstitute.com/housing/6-toronto-rental-housing-highlights-in-the-2016-census/

[18] Social housing from City of Toronto, Affordable Housing Office (2011), *Toronto Regional Housing Data Bank.* (Greater Toronto CivicAction Alliance, Neighbourhoods and Affordable Housing Working Group).

[19] J.D. Hulchanski (2010), *The Three Cities within Toronto* (University of Toronto, Cities Centre).

[20] G. Suttor (2001), *Growth Management and Affordable Housing in Greater Toronto* (CMHC).

[21] First-quintile counts calculated by the author from census microdata, 1996 and 2006; census cat. 98-400-X2016228 for 2016. While a few RGI households are above the first-quintile cut-off (about $21,000 in 1996 and $35,000 in 2016), it is only a few, so the ratio used here is a good indicator of the extent to which low-income renters receive RGI. The ratio in 2006 was slightly higher, at 45%.

[22] In 1996, the 92,000 RGI equated to 43% of 216,000 renter households under $30,000 (real 2016 dollars); 2016: 100,000 RGI equated to 43% of 231,000 renter households under $30,000.

There were sharp differences in the period's first and second decades. In 1996–2006, the number of households in social housing was essentially unchanged – but so was the number of households in rental sector overall (section 2).

After about 2006 this changed greatly. The increase in GTA low-income renters in 2006–2016 averaged 3,300 annually. Despite a small amount of new affordable rental (section 4), the main result is large demand-supply pressures at the low end. As the region grows, rising numbers of low-income renters compete for a fixed stock of social housing, for lower price/quality segments of the postwar private rental apartment stock, and for downmarket secondary rental such as basement apartments and rented rooms.

Who social housing serves

Social housing has come to serve an even lower-income population than before, with much higher social and support needs. This arises from access policies, singles displacing seniors over time, aging in place, neighbourhood trends, and an inexorable logic that plays out in a small flatlined system.

Nominal incomes have little changed little, but this means tenants are somewhat poorer relatively. The average income in RGI social housing was about $17,000 by 2016.[23] This level was about half the first-quintile cut-off, and has been gradually but fairly steadily declining for many years.[24]

About 6,000 households move into RGI social housing each year in Greater Toronto.[25] This is 10 percent of annual residential mobility by first-quintile households: a much lower proportion than in the period of active production when it was typically 15 to 17 percent.[26] Scarce additions to the system, and slowing turnover in this flatlined system, have made RGI social housing a less available option for Toronto's low-income residents in general. This is feeding into policy-makers perceptions and concerns that it is not meeting overall low-income needs and that demand-side options should be pursued.

Intake is skewed to people with high social needs. About 20 percent of placements are under the designated local access priority for homeless persons, and another 20 percent under the provincial priority for women escaping partner violence. Many of the chronic homeless have mental health or addictions issues. Among women escaping abuse, the subset that needs RGI has significant rates of trauma, mental health or drug issues that require support services. There are also a non-trivial number of placements by support agencies into units which they headlease, and through the City of Toronto's 'Streets to Homes' program for chronic homeless people. At the same time, the seniors population that entered social housing in the latter years of active production has largely aged in place, with rising support needs.[27] Mental health

[23] TCHC *Annual Information Return*, 2016: $18,000 for families and seniors, but $11,000 for non-senior singles.
[24] Detailed historical data in Suttor (2014), *Canadian Social Housing* (PhD), Appendix 5. Average 826 homeless out of 4,227 placements. Calculated from Housing Connections, *Annual Statistical Monitoring Report*, 2007, 2008, 2011.
[25] Coordinated access systems exist under Ontario legislation for RGI social housing in each of the unitary/regional municipalities. The City of Toronto's is largest and placed an average 4,227 annually in 2007-2011 (Housing Connections, *Annual Statistical Monitoring Report*, 2007, 2008, 2011. This can be factored up to account for the 21% percent of the GTA's RGI that is in the 905. As well, a few providers do not participate; some placements are made directly via support agency headleases (guesstimate another 10 percent); and an average 400/year are placed in the mental health supportive housing system. (For the latter, see Sirotich et al. (2018), *Seeking Supportive Housing*, Wellesley Institute forthcoming*)*. This is congruent with provincial Auditor data indicating a 6% turnover rate province-wide.
[26] First-quintile residential mobility 24–25%, and data for earlier periods: see Suttor (2014), *Canadian Social Housing*, 249-253).
[27] Ontario Non-Profit Housing Association (2015), *Strengthening Social Housing Communities* (Toronto: ONPHA).

and other support needs have therefore risen in social housing. Compared to downmarket private rental buildings, public housing has more vandalism, drug use, violent incidents, and related problems.[28]

A significant array of age-related supports is provided in social housing, even though these are highly underfunded and rationed in Ontario. Under budget pressures, however, housing providers' staffing and support service levels are little changed in the community-based sector, and have been reduced in TCHC. There are important new pilot projects where community mental health agencies provide support in buildings with concentrations of non-senior singles.

This gradual change in the social profile and systemic role of social housing has received little policy attention. The Ministry of Housing has little capacity and, in Ontario's devolved system, is two steps removed from operating policy. With negative public perceptions, it is difficult to bring challenging issues forward for public scrutiny. How can one pose the needs of ordinary RGI tenants against those of homeless applicants? Tragic incidents arising when tenants' mental health and cognitive issues met inadequate property management practices became part of the bad-news maelstrom around Toronto public housing.

But these social trends are also an inexorable result in a flatlined, rationed system. When the wait is years long, living conditions doubtful in some buildings, and the system stigmatized, the people who apply are mostly those with very low incomes, high needs, or desperate circumstances.

Rent subsidy trends and pressures

Funding is the vital resource that makes rents affordable in social housing and pays off mortgages. The funding story of past two decades is one of institutional inertia; of benign neglect rather than slash-and-burn; but also of a looming transformation.

The funding regime for social housing is spelled out in detail in Ontario's *Housing Services* Act (*Social Housing Reform Act* in 2000–2011). Municipalities diligently support and oversee the number of units they are obliged to support, under statutory funding, access, and RGI subsidy rules that are standard across Ontario. This system essentially preserves the program design of the various programs dating from 1965 to 1995, with some tweaks to fit a devolved regime. Modifications include a specific funding *formula* to safeguard against municipal under-funding, and some flexibility for municipalities to choose other funding arrangements for their own municipal housing corporation.

Ongoing funding averages about $475 per unit monthly. This is similar to average RGI rent revenues, but notably less than half of providers' revenues once market rents are counted. Funding is a mix of rent subsidies, amortization subsidies, and all-in operating subsidies, varying by program and provider type.[29] Because amortization costs are now small, and total operating costs (including amortization) are well below average market rents, most social housing subsidy can be viewed in effect as rent subsidy. Two-thirds of funding is net municipal dollars; one-third is federal funds passed through by the Ontario government. Special funding for repair and retrofit, and for some supportive housing, is discussed separately.

Some 60 percent of the $1.25 billion annual expenditure for social housing and rent subsidy in Ontario is in Greater Toronto.[30] In real-dollar terms, governments spent 10 percent more on such subsidy in 2017 than

[28] S. MacDonnell et al., (2011), *Vertical Poverty: Declining Income, Housing Quality and Community Life in Toronto's Inner Suburban High-Rise Apartments* (United Way Toronto).
[29] $744M /130,000 units, see earlier footnote on counts. Because the funding includes amortization subsides for market-rent units, these are included in the denominator.
[30] $744 M shown here, taken as a ratio to $1.25B province-wide per Ontario auditor, *2017 Annual Report*, p. 710.

in 1998. This was a small rise in a region whose population grew by 39 percent (1996–2016), with large increases in overall public spending. But at least it was not a reduction. Different trends and factors were at play for different governments: federal, provincial, 905 suburbs, and the City of Toronto.

Social housing and rent subsidies, GTA 1998–2017

Preliminary estimates, subject to refinement

Calendar budget year, total subsidy for social housing & rent supplement	**1998** *nominal*	**1998** *in 2017 $*	**2017** *nominal*	**Change** *real*
	$M	$M	$M	
City of Toronto	325	474	500	6%
905 regional municipalities	138	201	244	22%
GTA Total	463	675	744	10%

Total federal and municipal funding (excludes Health-funded supportive housing).
Source: Compiled by author from municipal budget reports.

Broadly, this funding trend is about flat subsidy requirements: as mortgages were renewed at lower interest rates, declining debt service offset providers' operating cost pressures. It is a happy accident of statutory formulas and financial markets, not a strategy. But there has been some purposeful new funding.

A federal phase-out, with its sharpest reductions in the 2010s, was a key provision of the 1990s devolution agreements. Tied to the end of project mortgages and amortization subsidy, this phase-out was also a federal withdrawal from urban housing issues and from rent subsidies. Between 2013 and 2018, annual ongoing (annualized) federal and provincial social housing funding the City of Toronto was on track to decline by $68 million and $130 million respectively. Net city funds paid 35 percent of total social housing subsidy at the start of that five-year span, but 61 percent at the end of it.[31]

For the first decade, 1998–2007, GTA housing subsidy housing costs were pooled and equalized among the five upper-tier/unitary municipalities. This meant an average annual transfer of $75 million from the 905 regional municipalities to the City. This was put in place to soften the fiscal burden of devolution on the City, at the same time the short-lived regional authority was devised. But the 905 fiercely opposed it; shared finance without shared governance was not politically sustainable. The Province ended pooling in 2007, substituting assistance to the City within broader province-wide municipal fiscal equalization. It then phased that out abruptly in 2014–2018 – not a housing policy decision but just fallout of broader provincial-municipal fiscal transfer policy in a context where housing mattered little.

Social housing and rent subsidy spending by the 905 suburban regional municipalities rose 22 percent across the two decades. This reflects a moderate priority for adding new affordable rental and rent subsidies. At the suburban regional level, the social needs of rapidly expanding, diverse outer urban

[31] City of Toronto (2016), *Toronto 2016 Operating Budget Notes: Shelter Support and Housing Division*; City of Toronto (2018), *Toronto 2018 Operating Budget Notes: Shelter Support and Housing Division*.

communities – in child care, nursing homes, public health, homelessness and housing – are recognized political concerns and responsibilities. The largest relative increase has been in York Region, the northern suburbs with booming employment but an acute shortage of rental housing, and with smart leadership on the housing file. But a 22 percent increase in housing spending in the outer half of Greater Toronto is tiny compared to two decades' growth in population, tax base, and total municipal spending in these areas.

For the first decade after devolution, the City coasted on fortuitous circumstances, as providers' declining debt service and associated subsidy requirements offset other cost pressures in operations. Since then the exhaustion of interest-rate savings, converging with steeply declining federal and provincial housing transfers, have created escalating fiscal pressures on housing. The flattish 20-year housing subsidy trend contrasts to a large real increase in the City operating budget. So it bespeaks a weak municipal policy priority for social housing and housing assistance. Funding formulas and mortgage savings are arcana of budgeting, not a starting point for policy discourse on how to redeploy resources to meet rising needs.

The cost-sharing pressures are set to be largely alleviated as part of the National Housing Strategy (see section 7). Within the NHS, the Canada Community Housing Initiative will provide a new system of ongoing funding, intended to largely offset the steeply declining federal-provincial transfers under the 1990s devolution agreements. As this paper was being written, the terms of this were being negotiated by the federal and provincial governments. This transformative federal move helps rescue Canadian social housing from an acute fiscal squeeze, and from big questions about how RGI subsidies would keep going.

Disrepair of public housing

Disrepair of older public housing has been a huge political issue in the City of Toronto, along with the question of who will fund the backlog of repair.[32] Most informed observers including the author would say that TCHC needs more funds to fix things. However, the governance and funding relationship which the City set for TCHC in 2001 was one of maximum autonomy, with a fixed funding envelope and limited budgetary scrutiny. This has advantages for a CEO when it comes to keeping politicians out of one's hair, but it becomes a problem when one needs more money. The City saw disrepair and under-funding as something the province had had dumped on it at devolution – and which the province should rectify.

For the first post-devolution decade, as disrepair worsened, there was limited policy response. TCHC's big priority was to set in motion ambitious regeneration projects (below). This entailed some squeezing of operations to achieve 'efficiencies' and funds to redeploy. TCHC carried out expert and detailed analysis of the repair requirements. With the City, it mounted high-profile advocacy for federal and provincial funding. Meanwhile, the media coverage was a nightmare; closure of units loomed, and in a few cases happened.

Once problems got more severe and a more favourable federal and provincial climate emerged in the late 2010s, those governments provided large new funding for repair. Mortgages were refinanced to free up dollars for repair. The new federal Liberal government provided a large one-time funding peak in 2016/17–2017/18, and as this ended the City took the very belated but very large step of putting TCHC repairs in its capital budget. The province allocated new climate-change retrofit funds.[33] In 2016–2018 all this has supported a massive TCHC major repair and retrofit program of $250 million annually,[34] or $4,300 per unit.

[32] As part of the 2009–2011 stimulus, the federal and Ontario governments flowed some $0.6 billion to the repair of social housing in the province, about half in Greater Toronto.

[33] In Ontario, the programs were: Social Housing Apartment Retrofit Program (SHARP), $82 M within the broader Ontario Green Investment Fund; Social Housing Improvement Program (SHIP), $209M from 2016/17–2017/18 NHS funds; and $657 M over 5

For community-based non-profit and co-op housing, most repair pressures are less acute. The average building age is younger, and – with about one third of units having market rents – there is more revenue, a bit less wear and tear, and in the near future less subsidy dependency. But the pressures are likely to rise.

Social housing – strategic transformation

Canadian social housing is at a moment of historic risk and opportunity. The challenge manifests in different ways at the federal, provincial and municipal levels, and the emerging policy response varies.

The central triggers are that Canadian social housing is rapidly shifting from high to low per-unit mortgage debt, and project agreements signed in the mid to late twentieth century are expiring. Those agreements govern who is served, who operates the housing, how money flows, how rents are set; they safeguard the lenders; and in aggregate they maintain social housing as a coherent sector.

The risks are that social housing will cease to be such, that subsidies will dry up, that the sector will fragment, that billions of dollars of past public investment in the sector will come to nought, and that low-income Canadian renters will be left to their fate in the downmarket. The opportunities, however, are also large: to subsidize tenants at low cost in debt-free housing; to leverage that housing to pay for regeneration or new housing; to reinvigorate the sector for a new era. Until recently, under indifferent federal and provincial policy, the risks appeared likely to prevail – but this has recently shifted.

At the federal and provincial level, the transformation of social housing could involve several things. Thinking has been happening in the sector and in the public service. It could involve harmonization of the arbitrary program silos created over time; moving toward larger, higher-capacity non-profits; using low/no-debt assets to leverage capital to pay for new housing; letting providers operate on a business-like rather than state-dependent model, with separate rent subsidies to tenants; instituting new accreditation and registration systems; and devising a system of financing for retrofit, regeneration and new supply.

At the municipal level, the issues are more specific. Municipalities do not have either the statutory powers or the policy capacity to transform social housing into something new for the twenty-first century. The system-manager role was never fully accepted In political life or by many senior public servants. Most City of Toronto councillors view public housing as what the municipality does in housing; in the 905 it is a small part of regional budgets and Durham Region still has a budget category called 'provincial downloading'.

For the City of Toronto, the issue is Toronto Community Housing Corporation. It has a bad public image, under-funding, much disrepair, many high-need tenants, plus gangs, drugs and shootings. It has experienced governance dysfunction, management turnover, and destructive political interference by the right-populist crack-smoking mayor of 2010–2014. The new mayor appointed an expert task force on TCHC, which reported in early 2016. The task force had no fiscal fix, but recommended more decentralized responsive operations, arms-length relation to the municipality, incrementally more income mixing, more support services, and transfer of some or many buildings to community non-profits.[35] The City is not going down most of this road, its decisions captured by other agendas; the future of TCHC remains to be seen.

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years, i.e. about $130 M annually, from cap-&-trade carbon tax revenues, subject to realizing the expected revenues. Data are province-wide funding, of which half to two-thirds are allocated in the GTA.

[34] TCHC (2016) "Toronto Community Housing: 2017 Budget: Detailed Summary" (presentation December 2016).

[35] City of Toronto, Mayor's Task Force on Toronto Community Housing (2016), *Transformative Change for Toronto Community Housing Corporation*" (final report of the Task Force).

Ontario in early 2018 released a consultation paper on 'social housing modernization'.[36] This term refers to the policy framework, not the buildings. The proposal is for a registration system, with accredited providers being eligible for tax benefits, retrofit funding, capacity-building assistance, and authority to enter into rent supplement agreements with municipalities. In effect, federal and municipal funding and a new registration system, under a revised Ontario policy regime, would become a lever to maintain a coherent sector.

The federal government has no direct relationship to most providers, so modernization takes a different form in federal policy. One of the main initiatives under the National Housing Strategy is the *Canada Community Housing Initiative*.[37] This new large funding envelope will gradually replace the federal funding that is phasing out with the end of project agreements. This is potentially a large lever to sustain affordable rents, fund retrofit and repair, maintain a coherent nationwide sector, and expand it. However, provincial cost-matching is part of the proposal, and the relationship of providers to government is in provincial policy hands. So this proposal is subject to complex federal-provincial negotiations, currently under way.

In sum, a potential transformation of Canadian social housing is in prospect. If it transpires it will affect the 20 percent of Canadian social housing that is in Greater Toronto, just as it will affect other social housing. This may assist the City of Toronto in shaping a better future for its unique (for Canada) old stock of all-low-income public housing. But specific local strategies will be required too.

4. Production of New Affordable Rental

In 2000 through 2015, some 14,000 new affordable rental units were created with public funding in Greater Toronto. This is an average 1,000 units annually: one-quarter of average volumes during the 1965–1995 social housing heyday. Unlike social housing built in that earlier period, relatively little of the new affordable housing is clearly low-income targeted.

By comparison to the USA or UK, Canada has a very weak framework for publicly funded affordable rental production. There are no large allocations of central government funding as in the UK, no Housing Finance Corporation, and virtually no large housing associations. There is no Low Income Housing Tax Credit, no large intermediaries, and no Ontario housing finance agency such as US states have.

Even while the institutional changes of devolution were still being put in place, new models to fund new affordable housing were emerging. This started at the municipal level in Toronto in 1999–2000, with pilot projects using municipal and federal homelessness funds. It was taken to a larger scale and became entrenched through federal decisions and provincial collaboration in 2001 onwards. In successive program waves renewed or extended through fortuitous political circumstance, the federal and provincial governments have funded an annual average of about 6,000 new affordable units across Canada.[38] The largest of these were known in Ontario as the Canada-Ontario Affordable Housing Program (AHP, 2004–2011) and Investment in Affordable Housing (IAH, 2011–2016).[39]

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[36] Ontario, Ministry of Housing (2018), *Social Housing Modernization: Technical Discussion Document #2: A Modern Framework.*
[37] Canada (2017), *Canada's National Housing Strategy: A Place to Call Home*; also see http://www.wellesleyinstitute.com/housing/canadas-national-housing-strategy-the-basic-facts/
[38] For a general account of federal and Ontario policy on new affordable rental in 2001–2015, see Suttor (2016), *Still Renovating*, chapter 7.
[39] Also, Community Rental Housing Program (2002-04), Developing Opportunities for Ontario Renters – DOOR (2007-08), stimulus program (2009-11), and Social Infrastructure Funding – SIF (2016-18), and part of SCPI (federal homelessness program), 2000-08.

In Ontario the new funding model involves capital grants and no ongoing assistance, and no RGI funding. In some cases, RGI has been added through unrelated rent supplement programs, transferring RGI from other projects, and some municipal-only funding in York Region and Peel Region (beyond statutory obligations). In a typical GTA project, half the capital cost has been covered by a mortgage and half by public assistance. The latter is mostly grants but also land contributions and municipal tax breaks. Overall assistance is roughly 40 percent federal, 40 percent provincial, and 20 percent municipal – varying by project. The norm rent is 80 percent of average market rent (as measured in the private-rental apartment building sector). This meant 'affordable' at over $1,000 monthly in Toronto by 2017, a much-criticized definition. This definition was originally intended to encourage a mix of market-rent units and ones at 50 to 60 percent of that level, but implementation rules were under-specified.

In Ontario, programs for new affordable rental had annual volumes fluctuating gently with the vagaries of federal funding. The peak years were 2007–2010, reflecting two funding surges, first as a result of parliamentary deals under minority government, and then as part of the 2009–2011 stimulus. From 2011 onwards, municipalities were allocated a funding envelope within which they could choose a mix of new affordable rental, new rent subsidies, affordable ownership, and repair/retrofit that suited their priorities. Volumes were lower in 2012–2017. A few units were also created with federal homelessness funding.

Reporting out on this production is mostly in communications documents rather than with analysable data, and no GTA overview exists. The author's tally of these projects is 14,100 units.[40] Of these, half were new non-profit or municipal units, one-quarter was assisted private rental (normally subject to 20-year agreements), and one-quarter was replacement of older social housing in TCHC redevelopment projects.[41]

Two-thirds of the GTA's new affordable rental units were in the City of Toronto, which comprises less than half the regional population and one-third of recent regional growth. This skew reflects several things: City and TCHC delivery capacity; more preference than in the '905' for private-sector proponents with large projects ready to go; more federal homelessness and RRAP Conversion[42] funding; disproportionate DOOR allocations for reasons of political opportunism;[43] but above all allocation formulas based on existing need.

The allocation based on existing need embodies a naïve and ill-considered assumption by provincial public servants and politicians that affordable rental housing is best built in districts where, due to constrained housing choices, low-income renters already live. This is a lamentable departure from the approach taken in the Toronto area for four decades from the mid-1950s to mid-1990s. In that period, social housing production, although somewhat concentrated in older area with higher need, was spread across all parts of the urban region and contributed strongly to mixed-tenure, mixed-income urban development.[44]

[40] The author's project-by-project tally yields 9,027 for 1999 through 2011; a tally based on net change reported in various municipal documents totals to 5,118 for 2012 through 2015. Data are preliminary and subject to further validation. These totals are slightly higher than provincial AHP-IAH data because they count units funded with federal trust fund monies (DOOR), TCHC redevelopment funding, federal homelessness funding, units created with RRAP Conversion funding (aggregate counts), and a couple of cases of municipal-only funding.

[41] These shares are calculated on the project-specific tallies, i.e. 1999–2011 production. Specific data 4,754 (53%) non-profit and municipal, 2,147 (24%) assisted private, 2,126 (24%) replacement. Data are preliminary, subject to revision. Projecting 53% onto the full 1999-2017 tally yields an estimated 7,400 net new non-profit and municipal units; this is the data used on page 4. 14,100Only the first of these categories is counted on page 4 as a net increment to the social housing stock.

[42] The federal Residential Rehabilitation Assistance Program (RRAP) in 2001–2011 included a funding stream for conversion of non-residential buildings into housing.

[43] See earlier footnote on DOOR.

[44] Suttor (2014), *Canadian Social Housing* (PhD, University of Toronto), chapter 7.

Ontario funded far less new affordable housing per capita than the other three large Canadian provinces. At 11 per 100,000 population, the average annual production volumes per capita in 2002–2015 were about one-third the levels in Quebec or British Columbia, or of Low Income Housing Tax Credit housing output in the USA.[45] In consequence, a lower share of net growth of low-income renters has been housed in new affordable rental in Greater Toronto than in the urban areas of Montreal or Vancouver.

In the early 2000s Toronto Community Housing Corporation (TCHC) initiated a large program to redevelop old public housing sites. This 'revitalization' has been a celebrated good news story, happening separately from the bad news story of disrepair. Mixed-tenure communities are being created on 1950s to 1970s public housing sites, at much higher density. Unlike HOPE VI and related programs in the USA, in TCHC the full count of RGI units is being replaced with RGI on site or in the vicinity. Most are TCHC partnerships with large private development firms. This has become an ongoing program averaging annually about 400 social housing replacement units plus 1,000 infill market units. The seven sites, downtown or near rapid transit in postwar suburbs, have 4,900 social housing units of 5 percent of all social housing in the City of Toronto.[46]

The driving force in regeneration is TCHC's entrepreneurial leadership; its arms-length relationship with the municipality enables it to act with much autonomy, and bring the municipal council and public service along in support. The financial model is complex and opaque. Some key elements include a $450 million bond issuance for revitalization and repair; federal-Ontario AHP-IAH funding which has covered about one-third of the costs of RGI replacement units; land sales and profit-sharing which have now started to generate significant revenues. The City has paid for hard infrastructure and various community facilities.

5. Housing Benefits

Demand-side assistance emerged in 2004–2017 as an area of significant policy change. This involves a sea-change in policy ideas, specific program initiatives, and emerging broader frameworks.

Demand-side assistance is a departure from models that long dominated affordable rental policy in Canada, Ontario and Toronto. In the 1970s and 1980s when housing allowances were put in place in Western Europe, the USA and Australia, that option was torpedoed in Canada by ideological debates, and public policy continued to prioritize social housing.[47] By the 2000s, in an era of slack rental markets and limited political appetite for new social spending, the climate was more pragmatic. It was clear that governments would not spend much more on housing, especially RGI; that affordability problems outweighed the need for new supply; and that demand-side assistance could help far more people, more quickly, more cheaply. In 2008, a coalition of the leading food bank, non-profit housing association, private landlord sector body, and social policy foundations proposed a program model to an interested Ontario government.[48] This proposal entrenched in Ontario the UK term 'housing benefit', eschewing the 1980s baggage of 'housing allowance' debates.

And so Ontario's government in 2004 extended a short-term rent supplement program for private-rental (and AHP) tenants to 2023. In 2005 it earmarked part of AHP for a demand-side initiative. In 2007–2012, it

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[45] Quebec, BC, and Ontario production data in Suttor (2016), *Still Renovating*, table 8.5; LIHTC low-income targeted production (HUD database http://www.huduser.org/portal/datasets/lihtc.html#data). USA 30 units per 100,000, Quebec and BC 33 to 34/100,000, Ontario 11/100,000.

[46] See www.torontohousing.ca/capital-initiatives/revitalization/Pages/default.aspx ; TCHC, 2017 Budget; TCHC (2015), Consolidated Financial Statements; Nelles and Spence / Social Finance Working Group (2013), *Blended Financing for Impact: The Opportunity for Social Finance in Supportive Housing* (Toronto: MaRS Centre for Impact Investing), 77-78.

[47] See discussion in Suttor (2014), ENHR and Suttor (2016), *Still Renovating,* 118-119.

[48] Daily Bread Food Bank et al. (2008), *A Housing Benefit for Ontario: One Housing Solution for a Poverty Reduction Strategy*.

allocated part of the federal 'Trust Fund' housing monies for a $100 /month rent benefit delivered through the tax system. In the 2008–2010 recession, it created a short-term rent support program. When AHI was recast in 2011, Ontario entrenched demand-side assistance alongside new-supply subsidies and repair assistance as a menu of municipal program and delivery choices.[49] The Ontario government also initiated a special housing benefit for women escaping partner violence. The demand-side initiatives have been small-scale, benefiting about 2 percent of Ontario or Toronto private-rental tenants at any time. The preference is flat-rate shallow benefits of $200–$350 per household monthly: simpler to administer than RGI, spreading limited dollars to more people, and sometimes paired with homelessness prevention or rehousing activity.

The demand-side thrust was taken to a new level in the lead-up to the National Housing Strategy. A high-capacity policy research and advocacy coalition was formed, the National Housing Collaborative. Building on earlier work, it commissioned research on a housing benefit model as part of a multi-prong approach to strategic policy advice.[50] Ultimately a housing benefit – albeit modestly funded – became one of the main prongs of the National Housing Strategy announced in 2017 (section 7 of this paper).

6. Supportive Housing for Mental Health and Homelessness

Housing for people who are chronically homeless, or live with serious mental illness or addictions, has been a significant focus of housing policy at all government levels. Indeed with overall rental issues marginalized, and with low-rent private stock shrinking, affordable housing and homelessness are increasingly paired in the way social housing is thought about and policy is framed. The City of Toronto has about 5,000 homeless people on an average day, with a few hundred more in the '905' suburbs. The politics of homelessness was intense in Toronto all through the period this paper covers.[51]

Housing for homeless people in the GTA takes several forms. An earlier section noted the growing presence of non-senior singles with high social needs in regular municipal housing, or entering it under headleases or the homeless applicants in the access system. Apart from this, several trends and initiatives stand out.

At devolution in the late 1990s, a significant 5,000-unit subset of Ontario social housing was targeted to people who had been homeless, lived with serious mental illness, or had related high social or support needs; and 3,000 of these were in Toronto. When independent supportive housing had emerged as a new policy wave in North America in the 1980s, this manifested strongly in Toronto. Unlike the US case, it was a time of active social housing production, so supportive housing was rarely scattered rent supplement in private rental, and mostly small 'dedicated' supportive housing projects built between 1986 and 1995.[52] At devolution, the half of this sector with Health-funded support services persuaded the neoliberal Cabinet not to devolve it to municipal administration, but to retain it as a program of the then Ministry of Health.

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[49] This is adapted from Suttor (2014), "Post-Neoliberal or Just Past Social Housing? Affordable Housing Policy in Ontario, Canada since Devolution (paper for the 2014 ENHR conference). These four initiatives were the Strong Communities Rent Supplement Program (SCRS), AHP Housing Allowance Rent Supplement (HARS), Rental Opportunity for Ontario Families (ROOF), and Short Term Rent Support (STRSP). At peak, they supported respectively 6,000, over 3,000, 6,000–10,000, and 6,000 households province-wide, with probably half of these in the GTA.

[50] http://nhc-cpl.ca/en/home; National Housing Collaborative (2017), *Proposal for a National Portable Housing Benefit.*

[51] For a fuller account, see Suttor (2016), *Still Renovating*, 158-160; N. Falvo (2009), *Homelessness, Program Responses, and an Assessment of Toronto's Streets to Homes Program* (Canadian Policy Research Networks and Social Housing Services Corp., 2009).

[52] Suttor (2016), *Taking Stock*, esp. 10, 35-40

Under successive Conservative and Liberal governments from 1999 to 2017, this mental health and addictions supportive housing sector was expanded, in a series of six initiatives offering support dollars and rent supplement allocations. The latter were usually placed in private rental, but sometimes in private developer projects or in ones funded via the unrelated federal homelessness program or federal-provincial funding for new affordable rental. In this way, the sector in Toronto almost doubled to 5,500 units by 2017.[53] Almost all of this was in the City of Toronto and almost none in the '905' suburbs.

This sector, however, places only about 400 applicants a year, and offers little to homeless people with under-diagnosed mental health or addictions issues, or those with urgent housing needs. The City has therefore sought other approaches, and in 2005 initiated its 'Streets to Homes' program to place chronically homeless people directly into housing.[54] This borrowed from US 'Housing First', especially the Pathways model, with low-barrier access, highly flexible supports, and scattered rent supplement; but this being Toronto, about 40 percent of placements were into social housing. Housing First became very influential in Canada, and was strongly supported by the Conservative federal government in 2011–2015; and it was championed by a world-leading random controlled trial, *At Home /Chez Soi*, conducted by the Mental Health Commission of Canada in Toronto and other cities.[55] For Toronto, it was a pragmatic as well as idea-driven choice: low-end private rental offered hundreds of potential openings at any given time, unlike social or supportive housing, and the rent supp and support worker need not be long-term commitments.[56]

A significant subset of new affordable rental was also targeted at chronically homeless people or those at high risk. A project-by-project tally by the author shows that one-fifth of new affordable rental production in the City of Toronto in 2001 to 2014 was of this sort, for a total of 1,400 units.[57] Some of this was funded through the federal homelessness program, in which 20 percent of funds in Toronto were initially allocated to supportive and transitional housing. Supportive housing agencies tended to be larger, more mission-driven, and higher-capacity than other non-profit housing agencies, and they did well in RFP competitions.

7. <u>Formal Policy Strategies</u>

Formal policy strategies in housing and in related areas were adopted by various governments in the 1997–2017 period. Many had little effect on actual programs or spending, but this has changed somewhat since 2016. Let us start with Ontario strategies, and end with the National Housing Strategy of 2017.

It is important to understand what a 'strategy' means in current Ontario policy-making. It is rarely a broad framework to guide action. More often it is a process where sympathetic elected officials and responsive public servants engage the major stakeholders and thinkers, to spotlight issues and get loosely worded priorities into official documents. These then become reference points and levers for more specific advocacy and public service processes that may lead to policy and spending decisions.

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53 ibid., esp. 18-21.
54 Falvo (2009), *Homelessness.*
55 P. Goering et al. (2014), *National Final Report: Cross-Site At Home/Chez Soi Project* (Mental Health Commission of Canada).
56 ibid, 45-48.
57 ibid., 25.

Ontario housing strategies

As other scholars have identified,[58] the paramount housing strategy of the Ontario Liberal governments of 2003–2018 was to leave in place the devolved institutional and fiscal arrangements created by its hard-right predecessor in the late 1990s. When the Liberals took office, social housing devolution was still fresh, with all its disruption, and municipalities were settling into their new role. The platform included planks on rental supply, housing allowances, and rent regulation, but there was no thought of reversing devolution.

In the 2007 election campaign, advocates got the Liberals to promise a strategy. The government consulted and in 2010 released its 'Long Term Affordable Housing Strategy' (LTAHS), along with an 'Ontario Housing Policy Statement'[59] and a *Housing Services Act* to replace the 2000 statute as the framework for devolved housing. The spirit was far more positive than before; though the devolved housing regime was reaffirmed, a 'provincial interest' in it was stated. Actual changes were small: simplified rules for eligibility, intake, RGI, and operating policy. Municipalities were mandated to develop ten-year housing and homelessness plans.

LTAHS was subject to a five-year review and, after consultations, a 'Long-Term Affordable Housing Strategy Update' was issued in 2016.[60] Like its predecessor, this read like a communications document and lacked any official research evidence base. But LTAHS-II in 2016 had much more substance. It set out four main priorities: supportive housing, inclusionary zoning, social housing modernization, and shifting toward a system of portable, demand-side rent subsidies. There were no big near-term changes, but each of these priorities led into policy processes and changes, discussed elsewhere in this paper.

In 2017 as housing market affordability pressures reached new highs, the government responded to the intense media attention with a `Fair Housing Plan' – a tactical mini-strategy. Its main thrusts were extension of flexible rent control to post-1991 buildings (mostly the surging GTA condo rental sector, with young middle-class tenants), and a tax on real estate purchases by foreign residents, plus smaller steps.

Three large strategic concerns were absent in the 2010 and 2016 LTAHS. There were no steps toward incremental provincial cost-sharing of devolved housing subsidy. There was no move to a more active program for new supply or regeneration, commensurate with needs. There was no specific attention to the housing market or housing issues in the GTA which has half of Ontario population, two-thirds of its growth, and huge demand-supply pressures.

Related Ontario strategies

From 2005 to 2015 Ontario's centrist Liberal) government adopted several strategic policies or processes in spheres that intersect with affordable housing. In 2005 it issued an *Ontario Policy Statement*[61] under the Planning Act, to guide municipal land use planning. This requires municipalities to provide for a range of housing types to meet needs, including low- and moderate-income households, but it provided no implementation powers or resources. In 2006 it approved a *Growth Plan for the Greater Golden Horseshoe*, revised in 2017. This covers the GTA and a surrounding area within about 150 km of Toronto. This strategic plan was focused on land use and protection of greenbelt lands, with very little on housing as an element of regional growth management.

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[58] J. Hackworth (2008), "The Durability of Roll-out Neoliberalism Under Centre-Left Governance: The Case of Ontario's Social Housing Sector" *Studies in Political Economy* 81: 7-25.
[59] Ontario, Ministry of Municipal Affairs and Housing (2010), *Long Term Affordable Housing Strategy*; Ontario, Ministry of Municipal Affairs and Housing (2011), *Ontario Housing Policy Statement'*; Ontario, *Housing Services Act* (S.O. 2011).
[60] Ontario, Ministry of Housing (2016), *Long-Term Affordable Housing Strategy Update.*
[61] Ontario, Ministry of Municipal Affairs and Housing (2005), *Ontario Policy Statement.*

In social policy, the *Poverty Reduction Strategy* (2008) was a process to build momentum for modest improvements to social programs; housing issues were noted, but punted to LTAHS. The *Provincial-Municipal Fiscal and Service Delivery Review* of 2007–2008 was a collaborative process to revisit the fiscal regime created by 1990s devolution, leading to a staged 2010–2018 'uploading' of various municipal social program costs; but again housing was excluded and punted to LTAHS. There were two major reviews of social assistance – the generic income support for the 6 percent of Ontario population that lacks work, old age pensions, or employment insurance. The 2012 review noted the housing issues, favoured housing benefits, but made no specific proposals on these. The 2017 review proposed separating the housing segment of assistance into a broader housing benefit. However, large fiscal costs and caution about conservative backlash have impeded action.[62]

At the high-needs end, a government *Advisory Panel on Homelessness* (2015)[63] identified supportive housing as the key to ending chronic homelessness, and led to formal government statements in the same vein. A *Mental Health and Addictions Leadership Advisory Council*[64] was a high-profile advisory body to the Minister in 2015–2017, and it identified supportive housing as among the main priorities for action.

In general, affordable housing, rental affordability, and supportive housing issues have been acknowledged in strategic documents in related policy spheres, but have led action on a relatively modest scale.

Municipal policy frameworks

The *Housing Services Act* and the Ontario Housing Policy Statement of 2011 required the relevant local authorities across the province, including the City of Toronto and GTA regional municipalities, to prepare ten-year plans for housing and homelessness. These were required to involve a needs assessment, and to set out goals and targets, implementation steps, and other matters. A second round of amended local housing and homelessness was initiated five years later.

In some cases these plans built on or modified strategies already adopted. The process of preparing these plans was embraced by municipal housing officials and community-based agencies and advocates as an opportunity to build awareness, create public engagement, build relationships with social and health agencies, and gain municipal council attention for an area of policy that was not usually a top priority.[65] The provincial requirement that municipalities plan was not accompanied by any new resources to help them implement. The result of this consensus-building, resource-thin context was that plans tended to focus on general expressions of social needs, broad goals, and calls for multi-party responses. In some cases the plans did become an occasion or a lever to secure additional local funding.

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[62] Ontario (2008), *Provincial-Municipal Fiscal and Service Delivery Review – Facing the Future Together* (Ministry of Municipal Affairs and Housing); Ontario, Cabinet Committee on Poverty Reduction (2008), *Breaking the Cycle: Ontario's Poverty Reduction Strategy* (Queen's Printer for Ontario); Ontario, Commission for the Review of Social Assistance in Ontario (2012), *Brighter Prospects: Transforming Social Assistance in Ontario* (Queen's printer for Ontario); Ontario, Income Security Reform Working Group (2017), *Income Security: A Roadmap for Change*.

[63] Ontario (2015), *A Place to Call Home: Report of the Expert Advisory Panel on Homelessness*.

[64] https://www.ontariominds.ca/en/recommendations/

[65] York Region (2013), *Housing Solutions: A Place for Everyone: York Region 10-Year Housing Plan* http://www.york.ca/wps/wcm/connect/yorkpublic/de657ddb-d3b6-4204-806c-249eebdbb9ed/HousingSolutions10YearPlan.pdf?MOD=AJPERES ; Peel Region (2013), *Peel's Housing and Homelessness Plan: A Community Strategy 2014–2014* https://www.peelregion.ca/housing/housinghomelessness/pdfs/Peel-Housing-and-Homelessness-Plan-110.pdf ; Halton Region (2013), *Comprehensive Housing Strategy Update 2014–2024 http://www.halton.ca/common/pages/UserFile.aspx?fileId=111824* ; Durham Region (2013), *At Home in Durham: Durham Region Housing Plan 2014–2024* https://www.durham.ca/en/doing-business/resources/Documents/HousingDevelopment /AtHomeAnnualReportSummary_accessible.pdf

The City of Toronto had already adopted a ten-year in 2009.[66] Reading like a communications document, it had little relation to existing or emerging strategic priorities, such as TCHC regeneration, Streets to Homes and housing homeless people, demand-side assistance, new affordable rental, land use policy to protect rental housing, etc. On the strength of this, the City of Toronto was not held to the requirement to prepare a plan that met the requirements of the provincial statute or the Housing Policy Statement.

None of the plans duly adopted in the GTA had much to say about the regional context or regional issues.

Federal policy framework

The National Housing Strategy[67] released in 2017 is more significant for affordable rental housing than the

provincial or municipal strategies. It re-establishes strategic federal leadership, expressed a set of related policy priorities, creates new programs, enhances federal capacity, and increases funding levels modestly.

Its specifics are touched on in the relevant sections of this paper. The four main NHS programs announced are the Canada Community Housing Initiative, which will sustain rent subsidy and related funding to existing social housing (section 3 of this paper); a National Housing Co-Investment Fund, accompanied by a lending facility, which will provide enhanced funding for new affordable rental and major repair and retrofit (section 4); a restructured cost-shared framework for new supply and related programs that are provincially delivered; and a proposed Canada Housing Benefit (section 5). There will also be an Indigenous housing strategy and a recasting of the federal homelessness program.

For Greater Toronto where almost one in five Canadians lives, the NHS creates and sustains some ways to mitigate the many affordable rental pressures. It will help engage an Ontario government that has tended to lack strong provincial policy leadership or funding commitment. It will help address funding pressures on existing social housing and rent subsidy; disrepair of postwar rental stock; the rising population of low-income private renters without housing assistance; and the huge growth-related pressures. But it will meet only a modest part of needs, and it is not transformative.

8. Conclusion

This is a somewhat melancholy retrospective, at least for those of us who knew an earlier era in Canada, Ontario and Toronto, of more active and probably more effective policy.

The devolved institutional and fiscal policy regime set in place by neoliberal government in the mid to late 1990s is quite entrenched. The re-engagement by federal and provincial governments in the latter part of the period reviewed here has been real but still limited. Despite the funding and administrative responsibilities that municipalities carry, the policy lead remains at the federal and provincial levels. The devolved regime was a recipe for weak policy, and it has worked. Governments have collaborated on building new affordable rental and experimenting with housing benefits, but the overall scale is modest.

The new National Housing Strategy is significant, especially in sustaining funding for existing social housing, but it is far from transformative in meeting low-income rental needs. The largest systemic change is the rapidly expiring twentieth-century project funding arrangements. These bring a huge opportunity as social

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[66] City of Toronto (2009), *Housing Opportunities Toronto (HOT): An Affordable Housing Action Plan 2010–2020* *http://homelesshub.ca/sites/default/files/1vjekird.pdf*

[67] Canada (2017), *Canada's National Housing Strategy: A Place to Call Home* https://www.placetocallhome.ca/pdfs/Canada-National-Housing-Strategy.pdf ; summary at http://www.wellesleyinstitute.com/housing/canadas-national-housing-strategy-the-basic-facts/

housing becomes a low-debt sector, but also risks that call urgently for a new framework to ensure a coherent sector with sufficient rent subsidy, repair/retrofit funding, and equitable access.

In the 1960s to 1980s, the concerns of the middle class and the political mainstream about housing affordability helped create a climate which supported an active government role.[68] In the first few years after devolution, benign housing market conditions combined with other factors to undermine the priority for affordable housing. Social housing became a bad news story of old, ill-maintained housing – more so in Toronto than in most of Canada. It is not clear whether the dramatic return of mainstream affordability concerns in the late 2010s will bring a return to more active policy. Low-tax politics is strong in Canada, neoliberal currents are bubbling in Ontario, and people look less to the state than they did in an earlier era.

In Greater Toronto, the scale of policy activity in funding housing programs, providing social housing, building new affordable rental, and even (prospectively) offering demand-side assistance on a significant scale, all fall well behind the pace of overall growth and low-income needs. The long-run consequence is to make 'the downmarket' more significant in how low-income Toronto residents will be housed in future. There is no regional strategy: the province is absent in that space, and the divide is wide between a central city with disproportionate low-income needs, and the surrounding suburban regions with high growth.

Canadian urban housing was once characterized as "more American than the United States"[69] – a historical judgement that can be extended to today. With residual social housing, weak political and fiscal commitment, central city–suburban divides, and a dominant role of downmarket private rental in housing low-income renters, this characterization applies to Greater Toronto for the foreseeable future.

[68] Suttor (2016), *Still Renovating*, chapter 8.
[69] Harris (2000), "More American than the United States: Housing in Urban Canada in the Twentieth Century." *Journal of Urban History* 26(4): 456-478.