



# 02

## HOUSING

More than 2.8 million people live in the city of Toronto. This chapter covers a number of types of housing, ranging from ownership, market rate rental units, and social housing provided to those who cannot afford market rates to homeless shelters and supportive housing that allows seniors to remain independent as they age. Across all of these, finding affordable places to live is a growing challenge. The city is growing faster than ever before due to it being a top global destination for immigrants.

Many international lists label Toronto as one of the best places to live: *The Economist* recently ranked Toronto the seventh most liveable city in the world<sup>92</sup>, while housing aggregator Nestpick rated Toronto as the fifth best city for millennials based on its high number of jobs, openness to all peoples, and high access to recreation activities, including nightlife, bars, and festivals.<sup>93</sup> However, for many residents, it is becoming increasingly unaffordable to live here. A total of 76% of renters in the Toronto CMA with less than \$50,000 per year in household income are spending more than 30% of their income on housing<sup>94</sup>, the point when housing is considered unaffordable.<sup>95</sup> Shelters are overflowing, evictions are rising, and wait lists for affordable housing are growing at unsustainable rates, while the population is growing far faster than supply.

## KEY INSIGHTS

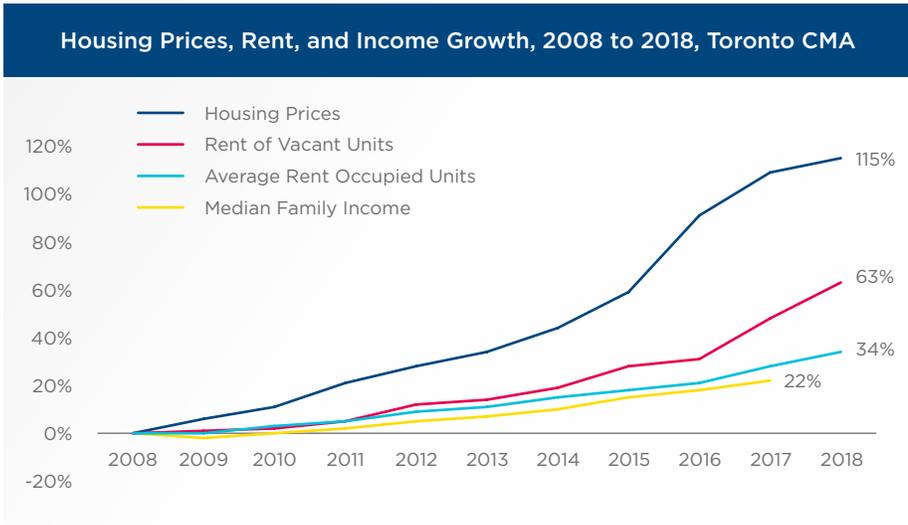
- Housing prices are skyrocketing, with the purchase price of homes growing more than four times faster than income and rent growing more than two times faster than income.
- New rental units are not being built anywhere near quick enough to keep pace with the city's growth.
- Almost all new rental housing units in the city for recent decades have been condos, with higher-than-average rent costs compared to traditional rental units, thereby contributing to the affordability crisis.
- Only 10% of condos are being built with three or more bedrooms, while 39% of the population is living in households with three or more people, leaving more than a third of renting families in overcrowded conditions.
- The social housing wait list continues to grow each year, while the supply of social housing has remained the same for decades. Other critical supports, such as transitional housing to get people off the streets, also have massive wait lists.
- Official homelessness counts show a 69% increase in sheltered homeless people in Toronto in just five years.



### THE COST OF HOUSING AND RENT IS GROWING FAR FASTER THAN INCOME

Toronto is in the midst of an affordability crisis. In the last decade, housing prices have grown four times faster than income, while rent of unoccupied units (units currently open for rental) and rents have grown two times faster than income. In October 2008, the average house price was \$358,800. In October 2018, the average house price was \$771,500.<sup>96</sup> The average condo now rents for \$2,235 per month, up from just under \$1,483 in 2008.<sup>97</sup> A recent report published by the City of Toronto found that in 2018, the typical person needs \$69,520 in income to afford to rent a one-bedroom apartment in the city<sup>98</sup>, whereas most households made less than \$66,000 in the city as of the 2015 census (see page 25).

It is undeniable that a huge housing affordability gap exists in Toronto. Given that 47% of newcomer children live in poverty, according to the after-tax low-income measure<sup>102</sup>, newcomer families are likely to find themselves in desperate situations, with rents rising rapidly and incomes that are far lower than those of the general population. Trying to understand the housing market in Toronto shows critical data gaps exist that need to be overcome for proper planning. For example, using official statistics, it is very difficult to see how rapidly rent is increasing for new units and how many people are affected.<sup>103</sup>



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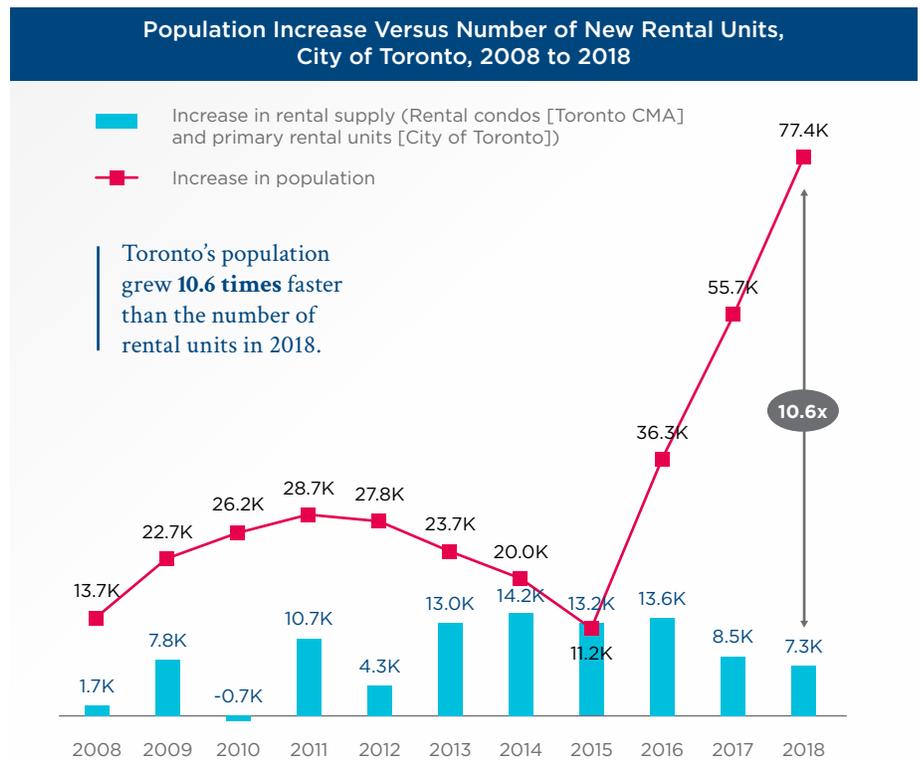
**Sources:** MLS Housing Price Index.<sup>99</sup> CMHC Rental Market Survey.<sup>100</sup> Statistics Canada. Table 11-10-0009-01. Selected income characteristics of census families by family type.<sup>101</sup>

**Note:** Data for the rent of vacant or unoccupied units was provided directly by CMHC and is not available on its website.



## THE NEW RENTAL SUPPLY CANNOT KEEP PACE WITH DEMAND, AND THE PROBLEM HAS INTENSIFIED RAPIDLY

Part of the affordability challenge is population growth versus the supply of new units, particularly on the rental market. Between 2015 and 2016, the city of Toronto’s population began to soar, while the number of new rental units did not keep pace. In 2018, the number of units completed was only about 7,300, while the number of new people in the city was estimated to be more than 77,000<sup>104</sup>, which is 10.6 times as high. And the gap in rental units has been accelerating for several years. The reason for this huge and unprecedented population growth is immigration, discussed further in the chapter titled “Toronto’s Changing Demographics” (see page 18).



**Sources:** Statistics Canada. Table 17-10-0139-01. Population estimates, July 1, by census division, 2016 boundaries.<sup>105</sup> CMHC Rental Market Survey.<sup>106</sup>

**Note:** Calculations are by the author. New rental units were calculated by subtracting CMHC’s estimate for each year from the previous year. Data for the number of new condos used for rentals from the Toronto CMA was used since City of Toronto data was not available. Population estimates between 2008 and 2016 are final estimates, 2017 are updated estimates, and 2018 are preliminary estimates.

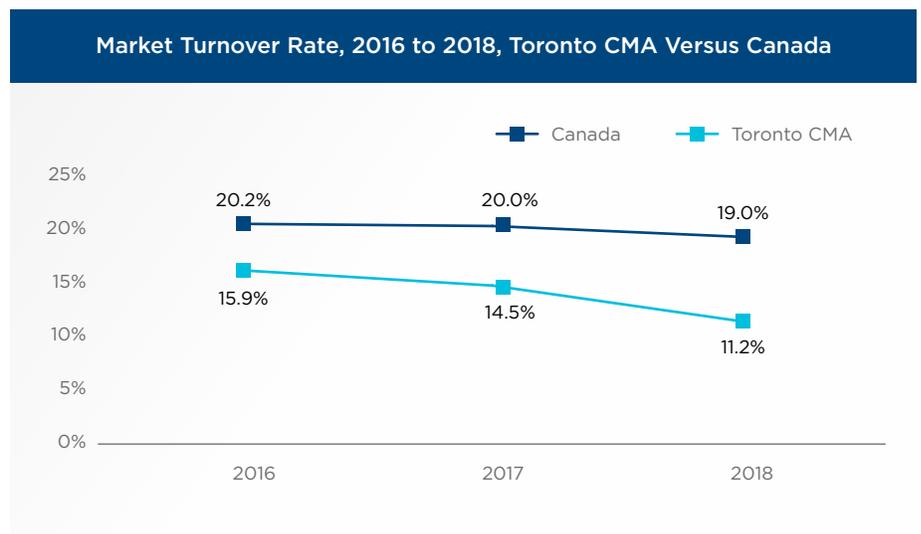
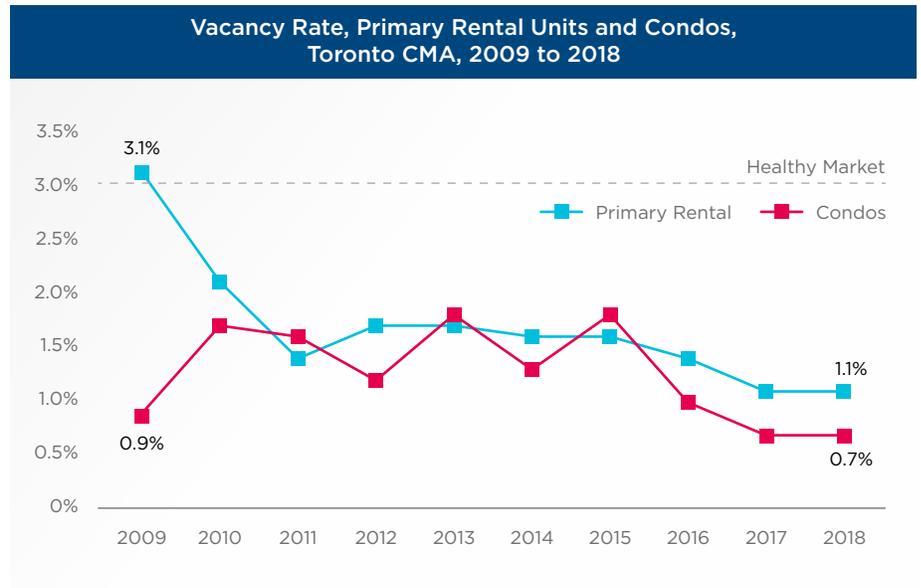


## INDICATORS SHOW TORONTO HAS A VERY UNHEALTHY HOUSING MARKET

With the growing population and no new supply of units, it is no surprise that the Toronto market has many indicators showing that it is very unhealthy. Ideal vacancy numbers in the market should be about 3% so that tenants have a reasonable degree of options in the market, while landlords are not overburdened with too many vacant units, and primary rental units have been below this threshold and getting worse every year since 2009.<sup>107</sup> Further, condo vacancy rates are also extremely low and have declined significantly since 2015.

With market rent increasing so rapidly, it is apparent that people cannot afford to move, regardless of whether their life circumstances change. The market turnover rate, a measure of what percentage of people leave their rental units in any given year, is the lowest in Toronto of any city in the country, and the number is declining rapidly.<sup>108</sup> This leaves families at particular risk of living in overcrowded circumstances because they cannot afford to move to larger units.

**Source:** CMHC Rental Market Survey<sup>109</sup> and CMHC Rental Market Survey via Rental Market Report Canada Highlights 2017<sup>110</sup> and 2018.<sup>111</sup>





## ALMOST ALL OF THE NEW SUPPLY OF RENTAL UNITS ARE IN SECONDARY MARKET CONDOS WITH HIGH AVERAGE RENTS

Looking at the new supply of rental units in the Toronto CMA, almost no new primary rental units have been created in the last decade and longer. Almost all the supply of new rental units is from condos being rented on the secondary market. In other words, real estate developers are no longer building apartments designed to rent; they are building units designed for sale to customers, many of whom in turn purchase the units and then rent them.

As to why condos have grown so much faster than rental units, the most obvious answer is that condos make developers more money. Since 2007, the gap between the average rent for a condo unit and the average rent from a rental unit has grown from to \$857 in 2018 from \$452 in 2007.<sup>112</sup> But beyond increasing rents, condos generate quicker returns, whereas apartments generate long-term returns.

Condos require less upfront equity from the developers as units are presold. Further, the rising cost of land has made it more difficult to finance building new units, making developers more reliant on preselling units. And government incentives are lacking to make it more profitable to develop rental units.<sup>113</sup>

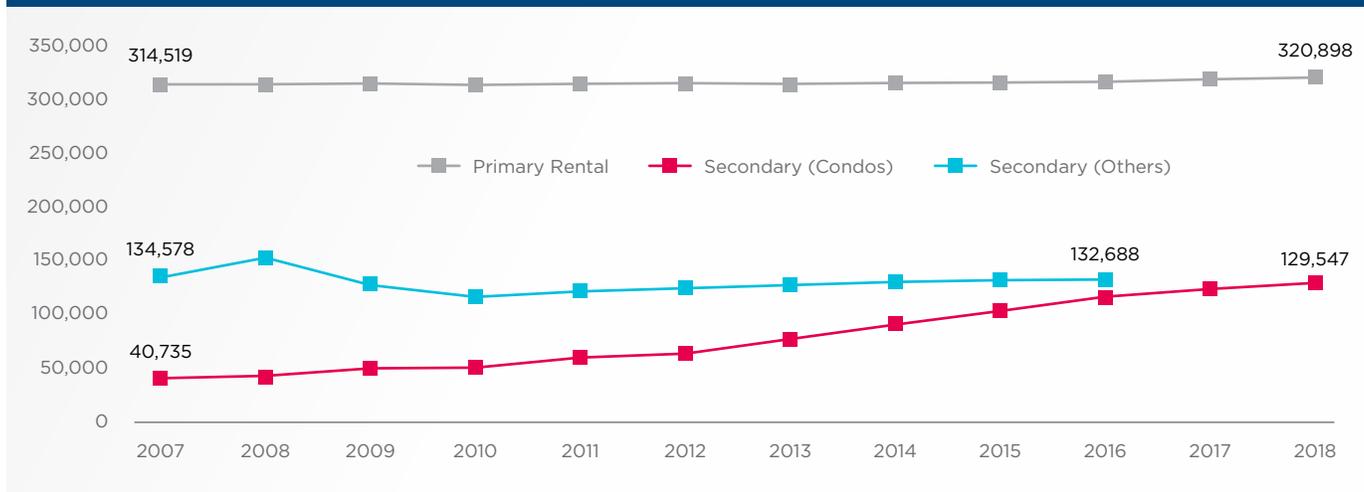
Recognizing the gap in affordable housing, **WoodGreen** is a non-profit organization that provides affordable housing in the city. It is one of the largest affordable social housing providers in the city, currently serving more than 1,000 families in 12 affordable housing buildings and is working to find new ways to raise capital for new units.<sup>114</sup> Its new seniors' housing project at 1117 Gerrard St. E. will hold 36 units. Units are set at 80% of market rate, and WoodGreen works with renters to ensure they have access to various rental supports available to low-income families.



## FEW NEW RENTAL UNITS ARE DESIGNED FOR TYPICAL FAMILY SIZES, CAUSING OVERCROWDING

A symptom of low affordability, low market turnover and a lack of new units being built have left 32% of renting families in what Statistics Canada refers to as “unsuitable housing”<sup>116</sup> — that is, overcrowded conditions. This rate is four times higher than families who own their housing. This challenge is exacerbated by the fact that 39% of households have three or more people, whereas less than 10% of new condo stock has been built with three or more bedrooms.<sup>117</sup> The City of Toronto has revised its recommendations for condos to include more three-bedroom apartments, and it remains to be seen how much this addresses the problems in the future.<sup>118</sup>

Rental Unit by Type, Toronto CMA, 2007 to 2018



Source: CMHC Rental Market Survey and CMHC Secondary Rental Market Survey.<sup>115</sup>



## TORONTO'S RENTAL UNITS ARE AGING AND HOME TO HIGH LEVELS OF POVERTY, POSING BOTH A RISK AND AN OPPORTUNITY FOR INVESTMENT

With few new rental units being built in the last several decades, Toronto's rental stock is aging. More than 500,000 people live in high-rises that are more than 35 years old.<sup>119</sup> And almost half of the children in these towers live in poverty, one of the highest concentrations of vulnerable people in the city (see page 29). Rents are much lower in these buildings than nearly anywhere else in the city. These towers present "the single most pressing, urgent priority for the city's resilience"<sup>120</sup>, according to Toronto's Resilience Strategy.

These buildings often have no air conditioning (see page 66), are at a high risk of flooding (the growing risk of flooding is discussed on page 66), and lack sufficient emergency backups. These communities also typically do not have adequate services, including sufficient safe places for children to play (see page 114) or adequate access to transit (see page 79). Retrofitting these high-rises for energy efficiency is also a significant part of the plan for greenhouse gas emission reductions (see page 68).



## THE SOCIAL HOUSING SUPPLY IS NOWHERE NEAR KEEPING PACE WITH THE NEED FOR DEEPER AFFORDABILITY HOUSING

Social housing is a critical stopgap in the market when rents are unaffordable. Social housing is housing that provides subsidized rent to those who cannot afford the market rate and can be provided by government and non-profit organizations. It is either geared to income, where rent is lower for those with less income, or provided at a below-market-rate rent. Over the last 12 years, the social housing wait list grew by 68%<sup>121</sup>, while the supply of social housing has remained the same since 1996<sup>122</sup>, with about 90,665 units available. Due to a variety of challenges and non-profit providers, the number of units available is an

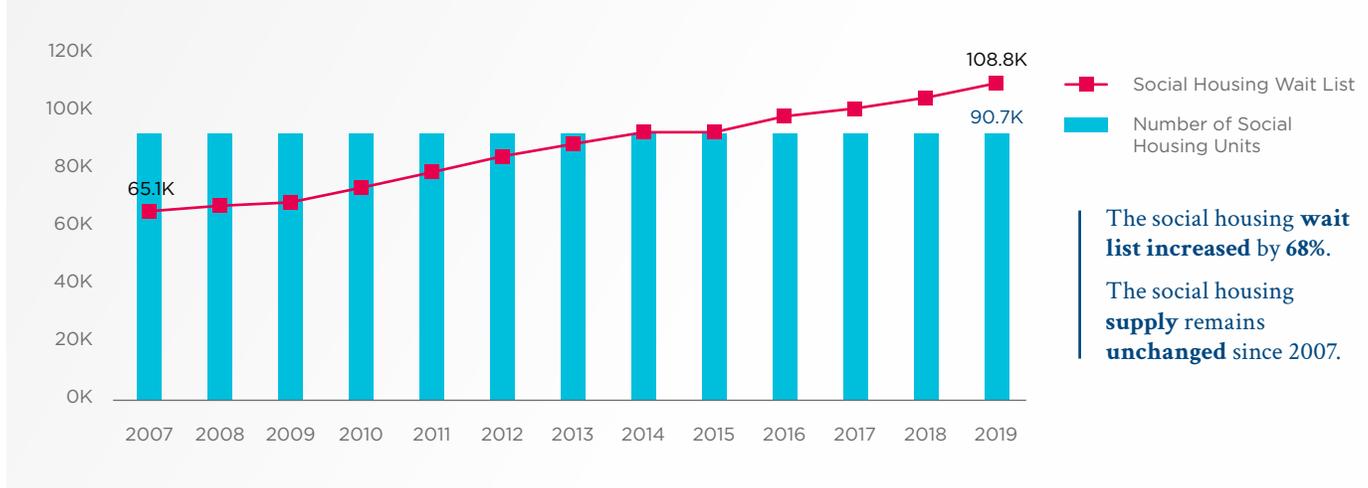
imprecise estimate.<sup>123</sup> Toronto had more than 100,000 people on its wait list in 2018, housing only 2,900, and the list has grown by more than 8,000 year over year. A June 2019 report by the City of Toronto's auditor general highlighted that many inefficiencies in the social housing wait-list system are causing unnecessary delays in housing people in need. The report outlined critical recommendations to accelerate the process of clearing the wait list, recommending that applicants be prioritized and housing given to those in the most need<sup>124</sup>, though nothing can make as big an impact as increasing the housing supply.



## AND SOCIAL HOUSING IS INCREASINGLY IN DISREPAIR, WITH SUBSTANTIAL INVESTMENT NEEDED

In addition to a lack of new supply, social housing has a massive repair backlog already estimated to cost \$1.66 billion. This cost is expected to inflate to \$3 billion in the next decade to ensure that no existing units are permanently lost. The federal government recently announced a \$1.3-billion investment over the next 10 years to help repair 58,000 social housing units in Toronto. The total backlog, however, is expected to rise to \$3 billion outside of this funding.<sup>129</sup>

### Social Housing Wait List Versus Social Housing Units Available, 2007 to 2019, City of Toronto



**Source:** Social housing wait-list data from City of Toronto Progress Portal<sup>125</sup> and social housing units available data from Toronto Housing Market Analysis: From Insight to Action.<sup>126</sup>

**Note:** The City of Toronto currently has two measures of the social housing wait list available on its website<sup>127,128</sup> that measure slightly different things; total wait-list comparisons between the two lists must be done with caution.



## LACK OF SOCIAL HOUSING IS DISPROPORTIONATELY IMPACTING TORONTO'S INDIGENOUS COMMUNITY

This lack of affordable social housing is a challenge to Toronto's Indigenous community. A recent *Our Health Counts Toronto* study found that 44% of Indigenous peoples who were stably housed were living in social housing<sup>130</sup>, and the lack of investment is contributing to the eight-times-higher rate of homelessness<sup>131</sup> among Indigenous adults. This report made two recommendations specifically around housing, including calls for the City of Toronto to establish an Indigenous Affordable Housing Strategy and that all levels of government need to work harder to "address barriers facing Indigenous peoples in accessing existing housing services and programs."<sup>132</sup>

**Na-Me-Res** is a Toronto charity that helps "Aboriginal men in Toronto lead healthy, self-determined lives." It has three residences that span an array of housing needs, including temporary shelter for the homeless (69 beds); transitional housing (25 beds) for those who are making the transition from homelessness to permanent housing, while also offering cultural programming and skill development; and long-term housing to those who have completed their other programs and are ready for long-term housing at low rent. Na-Me-Res also works with other providers and has programming that includes counselling and integration assistance for those who are leaving the criminal justice system.



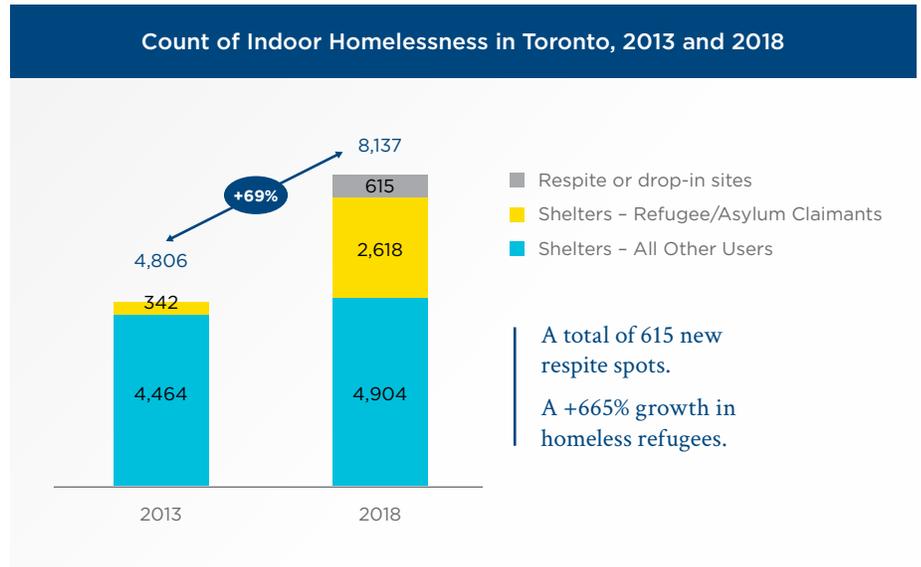
## HOMELESSNESS IS RAPIDLY INCREASING, AND SHELTER SPOTS ARE STRUGGLING TO KEEP PACE

Homeless is a serious and growing issue in the city of Toronto. Since 2013, the number of people using Toronto shelters has increased by 69%.<sup>134</sup> The greatest growth came from refugees, who experienced a 665% increase in homeless as Toronto welcomed many of the refugees coming into the country, but clearly not always with success. About half of all homeless people report being homeless for six months or more, with more than a third being homeless for more than a year. About 120 of the homeless will die per year.<sup>135</sup>

Looking at one day in July, we can see these shelters (for women, men, youth, and co-ed shelters) are all at least at 97% occupancy<sup>136</sup>, above the target of 90% that was set to help ensure that centres can accommodate all who come to their doors.

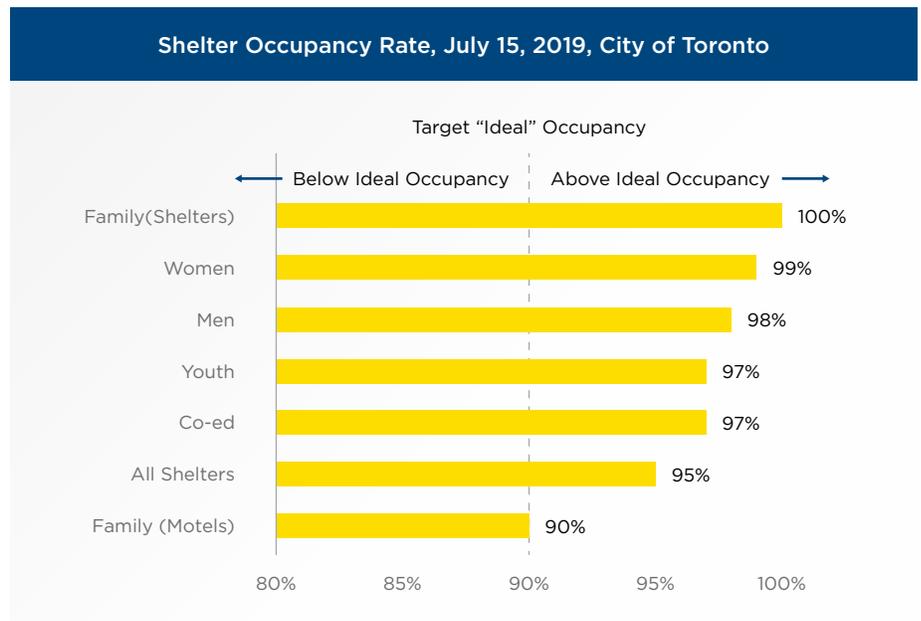
**Source:** City of Toronto – Daily Shelter & Overnight Service Usage.<sup>137</sup>

**Note:** One day of data was used since the website is updated daily. Numbers fluctuate mildly day to day, but broad trends are consistent, regardless of the day used.



**Source:** City of Toronto Street Needs Assessment Survey 2018.<sup>133</sup>

**Note:** An additional 45 people were sheltered via the Out of the Cold program in the 2018 count but are not included above.





## INDIGENOUS PEOPLES, RACIALIZED POPULATIONS, INCLUDING BLACK PEOPLE, LGBTQ2S+, AND TRANSGENDER PEOPLE, ARE FAR MORE LIKELY TO BE HOMELESS

According to Toronto's 2018 Street Needs Assessment, several groups were particularly likely to be homeless, far beyond their representation in the population. These groups include racialized populations, especially those who identify as Black and Indigenous peoples.<sup>138</sup> Indigenous peoples represented 16% of the homeless population versus 2.5% to 3.3% of the population of Toronto.<sup>139</sup> This study also found that 11% of those on the street identified as LGBTQ2S+, particularly among youth, with 24% of those aged 16 to 24 years identifying as LGBTQ2S+.

The Street Needs Assessment also found that 3% of homeless identify as transgender, two-spirit, and genderqueer/gender non-conforming. The **BLOOM** program, run under **LOFT Community Services**, is a unique network in Toronto providing space for transgendered individuals to find stability during their transition time. BLOOM was initiated to meet the increased population of transgender individuals, first within the **LOFT** organization, which increased to 8.2% of the member population from 4.8% in a two-year period.

This is well above the 0.6% estimated number for trans individuals in the general population. LOFT is the province's most diverse supportive housing provider, with 1,000 supportive housing units across 70 sites in Toronto and York Region. Its programs reach more than 5,800 vulnerable and marginalized youth, adults, and seniors, with a special focus on those with mental and physical health and substance-use challenges.



## INTERVENTIONS TO PREVENT HOMELESSNESS ARE MORE COST-EFFECTIVE THAN SHELTERS AND EMERGENCY MEDICAL CARE

With supports for shelters and transitional housing at a premium, it is worth considering the relative cost of providing shelters beds, hospital beds, and other alternatives instead of providing social housing units. According to homelessness

experts, the cost of shelter beds is 10 times more than the cost of social housing. Further, for those who end up in hospitals, the cost per month is 54 times higher than social housing.<sup>140</sup>



## WITH RISING COSTS, EVICTIONS ARE ALSO INCREASING

Broader data on total evictions in Toronto is hard to find. *The Globe and Mail* found there were more than 19,000 evictions in 2016 by using data from the Landlord Tenant Board, with the majority for non-payment of rent.<sup>142</sup> But this data is not easily accessible. With more open data it would be possible to see trends over time. Most evictions are for non-payment of rent. However, as housing prices have skyrocketed, so, too, have evictions for "own-use"<sup>143</sup>, a provision in the tenancy rules that allows an owner to take possession of a housing unit for themselves. Evictions are disproportionately experienced by racialized groups, people with low incomes, new immigrants, and those with disabilities.<sup>144</sup>

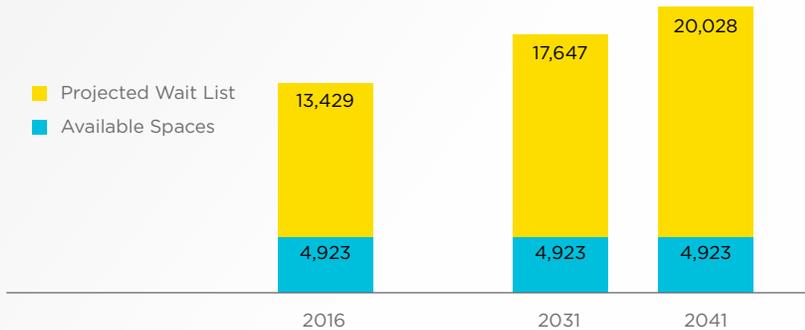


Image source: The Real Cost of Homelessness: Can We Save Money by Doing the Right Thing?<sup>141</sup>



## HUGE WAIT LISTS EXIST FOR SUPPORTIVE TRANSITIONAL HOUSING

Projected Demand for Mental Health and Addictions Supportive Housing, 2016 to 2041



**Source:** Analysis presented in the Housing Marketing Analysis: From Insight to Action.<sup>145</sup>

Supportive housing is an array of services designed to help people who need support that may range from in-home nursing services and assistance with cleaning to help for those with addictions and mental health challenges gain more control over their lives. The wait list for mental health and addictions supportive housing is expected to continue to rise to 20,028 in 2041<sup>146</sup>, up from more than 13,429 in 2016. Currently, there are only 4,923 spots in Toronto, well short of the wait list. While other types of supportive housing are also in demand, it is harder to determine the size of the wait list for some of these services.<sup>147</sup> According to a recent analysis of housing in Toronto, the City of Toronto administers or funds about 9,700 alternative housing, providing a variety of short- and long-term supports.<sup>148</sup> However, since wait lists are managed independently, it is hard to assess how long they may be.

The wait lists for supportive housing are alarming because the cost of keeping someone in hospital as opposed to supporting them in external housing is extremely expensive and takes up much-needed hospital beds. A recent study published in the *Canadian Journal of Psychiatry* that evaluated an initiative to get people out of hospital beds and into transitional housing found an “annual cost savings of approximately \$51,000 to \$58,000” per person per year compared to hospital beds.<sup>149</sup>

A Toronto Aboriginal Support Services Council 2011 report likewise highlighted the need for Indigenous-specific transitional housing for young people moving to the city.<sup>150</sup> Without adequate transitional housing, many of them are forced to live on the streets. Similarly, the report recommended the need for “a transitional housing program specifically geared to the needs of Aboriginal homeless people, including culturally-based services

relating to addictions, counselling, cultural teachings, transportation assistance, employment preparation and life skills training.”<sup>151</sup>

Unaffordable housing exacerbates the challenges of women and children trying to flee abusive relationships. **North York Women’s Shelter** actively supports women and children to build lives free from violence by providing non-judgmental safe shelter, advocacy, and a range of initiatives and services, including 24-hour crisis support and wrap-around services. The shelter has served more than 11,000 women and children since its founding in 1984. In 2019, it is launching a High-Risk Working Group to deepen the impact of the shelter’s legal program by formalizing its approach of providing comprehensive legal support to women in high-risk situations, pulling together a permanent group of highly experienced and established legal experts.



## CRITICAL ACTION IS NEEDED TO BUILD A HEALTHIER MARKET, ACCORDING TO A COALITION OF LEADING ORGANIZATIONS

A coalition of 28 leading organizations working on aspects of housing published a letter with a shared housing agenda for Ontario.<sup>152</sup> In it, they outline some of what's needed to fix the housing market, including 1) building market rental and affordable ownerships 2) more community and social housing 3) a portable housing benefit that would provide rental assistance to all who cannot afford market rents, not just those in social housing 4) supportive housing for those experiencing homelessness 5) an Indigenous housing strategy and 6) a sustained supply of existing rentals through more repairs and maintenance of existing rental units.

The Ryerson City Building Institute and Evergreen published a 2017 report arguing that to rebuild a healthy rental market, the Greater Toronto Area needs 8,000 new primary rental units each year.<sup>153</sup>

They make seven policy recommendations they believe will help make the market affordable. These include regulating short-term rentals and introducing new vacant unit taxes. Other recommendations are new tools and incentives for developers to create new rental units, including adopting land-use changes and new incentives from the federal, provincial, and municipal governments that will make it more profitable and easier for developers to build more affordable rental units. A separate report by Evergreen and the Canadian Urban Institute also called for more attention to the "missing middle," or the lack of development of duplexes, row houses, townhouses, and low and mid-rise apartment buildings in the city of Toronto.<sup>154</sup> This report calls for changes to zoning and steps to make building these units more affordable for developers.