

JULY 2018



"WE NEED PEOPLE TO BE ABLE TO AFFORD TO LIVE IN THIS CITY"

The Urgent Need for New Affordable Housing in Toronto

PREPARED BY:

ACORN Canada



WWW.ACORNCANADA.ORG

"We need people to be able to afford to live in this city"

Mayor John Tory, April 23, 2018.

With the municipal election looming, Mayor Tory has suddenly realized that Toronto is in the midst of a housing crisis. Rents are skyrocketing while vacancy rates are plummeting. Many of our most vulnerable community members live in substandard and precarious housing, struggling to make ends meet in a city that is pricing them out.

Toronto has seen plenty of development in recent years, yet low and moderate income tenants find it increasingly difficult to find affordable housing. For many, market rental housing is too expensive and over this term of council, the number of affordable units that have been built is insufficient. City of Toronto data from key wards (see Chart 1) reveals that only 2.5 per cent of new rental units built between 2014 – 2017 were affordable housing. In other words, 1 in 40 new rental units are affordable. Approximately 1 in 400 new ownership units are affordable. Meanwhile, 1 in 5 Toronto households are in core housing need.

Yet, even so called “affordable housing” falls short. The definition of affordable housing that the City has adopted is inadequate and excludes many community members who cannot afford market rent.

ACORN members call on Mayor Tory and City Council to:

- 1) **Take urgent action to increase the city’s supply of deeply affordable units; and**
- 2) **Ensure the definition of “affordable housing” used by the City meets the needs of low and moderate income tenants.**

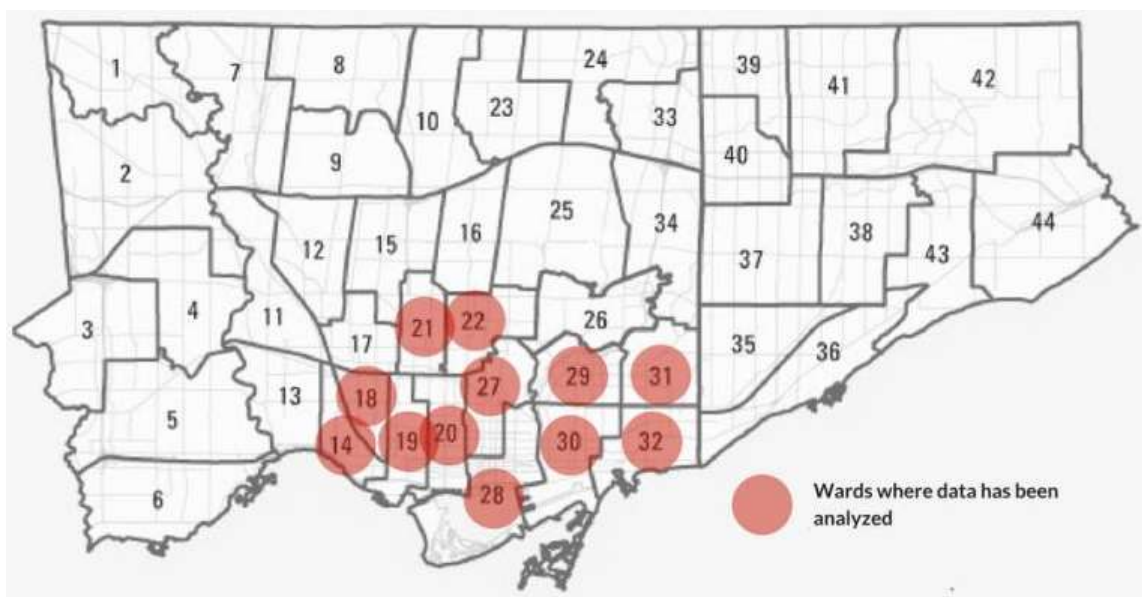


Chart 1: Wards discussed in this report

Current Definition of Affordable Housing

Municipal

Affordable housing is defined as housing where the total monthly shelter cost (including heat and hydro) is at or below Toronto's average market rent (AMR) by unit type. The AMR (see Appendix 1) is reported annually by the Canada Mortgage and Housing Corporation (CMHC). In 2018, the AMR for a one-bedroom apartment in Toronto is \$1,202. Given that most families require at least a two-bedroom apartment, rent can be upwards of \$1,400. The City of Toronto Official Plan defines affordable ownership housing costs as an amount where the total monthly shelter cost equals the average Toronto rent, by unit type.

\$1400
Average market rent
2-bedroom apartment

Provincial

The Government of Ontario defines affordable rental housing as the least expensive of:

- 1) a unit for which the rent does not exceed 30 per cent of gross annual household income for low and moderate income households; or
- 2) a unit for which the rent is at or below the average market rent of a unit in the regional market area.

Affordable ownership housing is defined as housing for which the purchase price results in annual accommodation costs which do not exceed 30 per cent of gross annual household income for low and moderate income households; or housing for which the purchase price is at least 10 per cent below the average purchase price of a resale unit in the regional market area.

Federal

CMHC defines affordable housing as shelter costs which equate to less than 30% of household income before tax.

Toronto's definition of affordable housing is not fit for purpose, as market rent is not accessible to many low and moderate income residents. While this report shows that the City must build more affordable units, it is worth noting that the units that have been built likely do not meet the needs of many low and moderate income Torontonians, given the City's inadequate definition of affordability.

In addition, research has found that the average asking rent is substantially higher than the average market rents calculated by CMHC¹, further emphasizing that a definition of affordability that is based on market rent is inadequate. . Other levels of government recognize the need to base the definition of affordability of income. For truly affordable rent, the City would take into account what is affordable for different contexts.

¹ Tenant Issues Committee (2018) *Rental Housing Market Conditions in Toronto*
<<https://www.toronto.ca/legdocs/mmis/2018/td/bgrd/backgroundfile-112710.pdf>>

Findings

In Toronto and East York wards, almost 40,000 new units have been built since 2014. Only 2.5 per cent were affordable rentals - around 1 in 40 new units. Less than 0.3 per cent were affordable ownership. Approval rates reveal that only 3 per cent of the 42,700 units approved since 2014 are affordable rentals. This falls to 0.44 per cent for affordable ownership units.

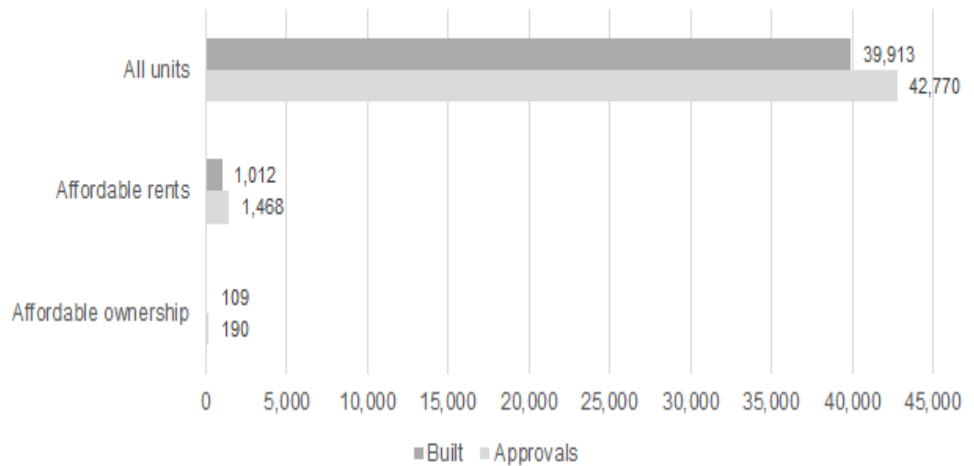


Chart 2: Total units built and approved since 2014 in select wards

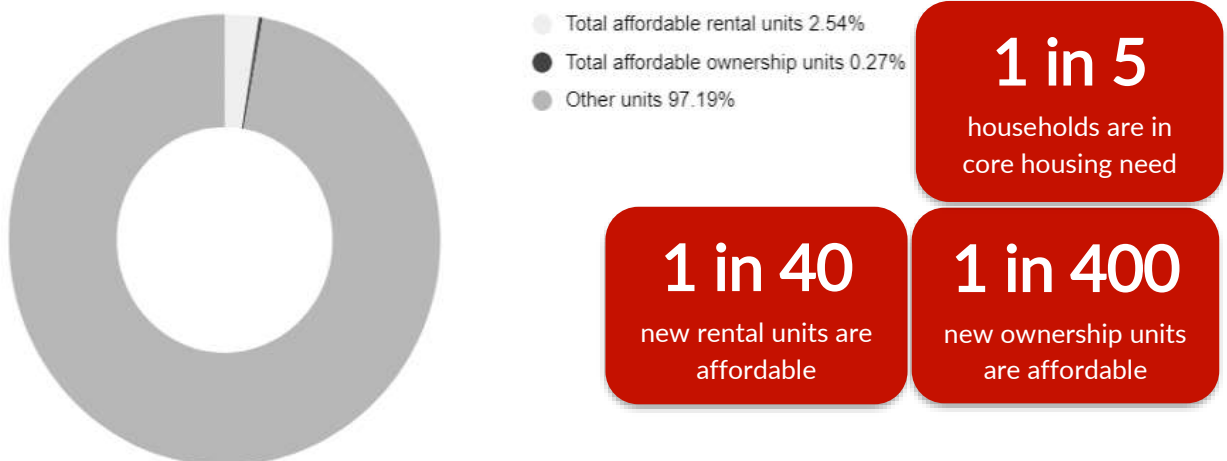


Chart 3: Affordable rental and ownership units as percentage of all units since 2014 (select wards)

According to CMHC, a household is in core housing need when shelter is inadequate, unaffordable, or unsuitable, and alternative housing would cost more than 30% of pre-tax household income. Around 1 in 5 Toronto households experience core housing need. Given that the City itself has reported 47% of Toronto households are renters and 47% of renters spend more than 30% of their income on shelter², it is crucial that the City builds more affordable rental units. As of 2017, over 92,000 households were on a waitlist for social housing: ACORN members have reported waiting over **ten years** for rent-geared-to-income shelter.

Although Mayor Tory has boasted of his Open Door housing plan, it does not go far enough to increase the number of deeply affordable housing options in the city. As the definition of

² Tenant Issues Committee (2018) *Rental Housing Market Conditions in Toronto*

affordable housing is inadequate, developers are being provided with incentives and fee waivers to build housing that does not meet the needs of our community members. Even in the instance that developers opt to set rents at lower than AMR, the City is far from meeting its target for affordable developments despite this dedicated initiative aimed at reducing barriers to development. In 2009, the City set a target of creating 1,000 new affordable rental homes per year, but has not met that target since Mayor Tory came into power. It looks likely that the City will miss this target by around 50 per cent in 2018. Since 2014, the City should have built around 4,000 affordable rental homes, but is on track to have built less than 1,500 by the end of this year³. The Mayor and City Council's affordable housing plan misses the mark. Toronto urgently needs more deeply affordable housing.

Affordable Units by Ward

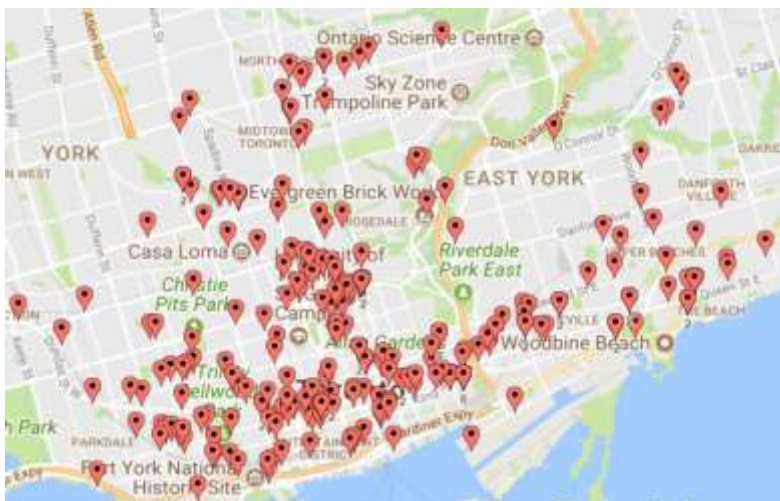


Chart 4: Map of all units built since 2014 in selected wards

Development has happened in all of the target wards to varying degrees, with most of the new units concentrated in Ward 20 (Trinity-Spadina), Ward 27 (Toronto Centre-Rosedale) and Ward 28 (Toronto Centre-Rosedale). Wards 31 (Beaches-East York), 29 (Toronto-Danforth), and 14 (Parkdale-High Park) have had the least development.

Affordable units are mainly concentrated in Ward 28 (Toronto Centre-Rosedale), where 762 new affordable units have been built since 2014. From the 2011 National Household Survey, Ward 28 has the highest prevalence of low-income households

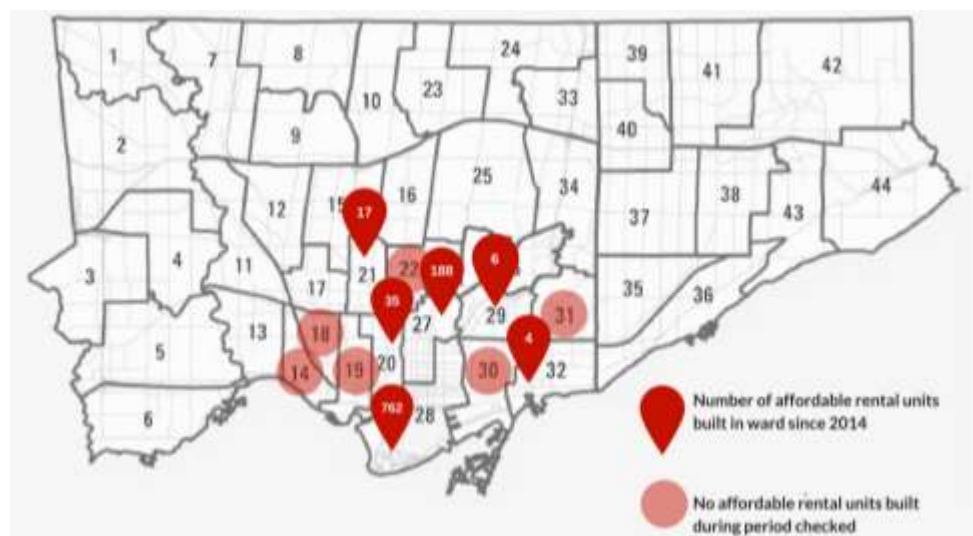


Chart 5: Map of affordable rental housing locations

³ Affordable Housing Office (2017), *Affordable Housing Office 2017 Mid-Year Report* <<https://www.toronto.ca/wp-content/uploads/2017/11/8e82-AHO-Summary-for-HOT-TargetsCompletions-September-2017-Final.pdf>>

compared with the other wards. Ward 27 also has a high number of low-income households. Over 20 per cent of households are low-income in Wards 14, 20 and 31, so ACORN members are deeply disappointed to learn that there has been little affordable development.

In Ward 29 (Toronto-Danforth), 20 per cent of all developments are affordable units, but there has been less development overall. Ward 29 also has the highest percentage of affordable ownership developments, while Ward 32 (Beaches-East York) has the highest number of affordable ownership developments, although the total number is still insignificant compared to the number of developments overall.

Ward	All Units		Affordable Rentals		Affordable Ownership	
	Total Approvals	Total Built	Total Approvals	Total Built	Total Approvals	Total Built
14 - Parkdale-High Park	564	310	0	0	0	0
18 - Davenport	819	2,595	0	0	0	0
19 - Trinity-Spadina	2,430	3,213	85	0	38	0
20 - Trinity-Spadina	5,337	10,670	139	35	30	3
21 - St. Paul's	657	853	8	17	0	0
22 - St. Paul's	5,147	3,586	82	0	0	0
27 - Toronto Centre-Rosedale	15,470	8,228	419	188	0	14
28 - Toronto Centre-Rosedale	10,000	8,926	637	762	0	0
29 - Toronto-Danforth	78	30	6	6	0	31
30 - Toronto-Danforth	1,159	1,025	35	0	0	0
31 - Beaches-East York	0	11	0	0	0	0
32 - Beaches-East York	1,109	466	57	4	122	61
Total	42,770	39,913	1,468	1,012	190	109

Table 2: Approvals and completes since 2014

Note: Where completions are higher than approvals, units have been approved prior to 2014.

Toronto rents reached an all-time high in 2017, while vacancy rates reached a historic low.

The City must act urgently. New inclusionary zoning powers passed down from the Province recently allow municipalities to mandate that a certain percentage of new developments are affordable. ACORN calls on the City to use these powers to push for the maximum number of deeply affordable units. If 30% of units built in the wards identified in this report had been affordable, Toronto could have unlocked 11,974 new affordable units since 2014. This has been a lost opportunity, and we need to ensure that we do not lose any more affordable units to profit-driven developers. The City should also increase expenditure on affordable housing

capital grants and seek to leverage greater amounts of funding from provincial and federal governments for affordable housing. The number of housing supplements provided to low-income families who are waiting in unaffordable private rental housing must be increased. We need land to be made available faster for new non-profit, co-op and social housing. In addition, ACORN members have specific demands to address the affordable housing crisis in Toronto.

ACORN members calls on the City to:

- **Redefine affordable housing to meet the realities of low-to-moderate income people based on income not market rates;**
- **Inclusionary zoning: All new developments must include deeply affordable units;**
- **Retain control of, and fully fund Toronto Community Housing repairs;**
- **Prevent further closures of TCH units.**

What is ACORN Canada?

ACORN Canada (Association of Community Organizations for Reform Now, Canada) is an independent national organization of low- and moderate-income families. Founded in 2004, we have rapidly grown into one of the country's most effective voices for low and moderate income Canadians, with over 113,000 members in Canada. Our central purpose is to effectively represent and champion the interests of Canada's low and moderate income urban citizens on the critical issues of social and economic justice.

To find out more, visit www.acorncanada.org

Appendix 1

Unit size	2018 AMR
Hostel	\$796
Bachelor apartment	\$1,019
1 bedroom apartment	\$1,202
2 bedroom apartment	\$1,426
3 bedroom apartment	\$1,595
4 bedroom apartment	\$1,854
5 bedroom apartment	\$2,074
2 bedroom townhouse	\$1,430
3 bedroom townhouse	\$1,698
4 bedroom townhouse	\$2,021
5 bedroom townhouse	\$2,337

2018 Greater Toronto Average Market Rent (AMR): [City of Toronto](#)