

Ward 22 Tenants' Town Hall – March 22, 2012

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Toronto's Lack of Affordable Housing

Introduction

- The City of Toronto has been in the forefront of protecting tenants and developing solutions to housing problems for the last century
- Programs and policies developed here have been adopted across the province and across the country – what happens in Toronto is important, and not just to the people who live here
- The City has taken action on housing issues because there has always been an informed and active public that demands that social issues be addressed by their City government
- It has never been more important than now for members of the public to get involved and speak up for the things that make Toronto a great place to live for people up and down the income scale

How do we know there is a lack of affordable rental housing?

- There are about 450,000 tenant households in Toronto and another 140,000 in the rest of the Greater Toronto Area, which includes the suburban municipalities that surround Toronto – Peel, York, Halton and Durham
- Since 2000, we have lost over 17,000 rental units in the GTA, while building only about 13,000
- That's an average of 1300 new rental units built each year, while ten times that many ownership units were built
- We can look at the vacancy rate
- Vacancy rate is a measure of how healthy the rental market is. In a healthy market, renters have enough choice that they have some bargaining power when it comes to negotiating rents and other terms of a new tenancy agreement. Experts do not agree, but most put a healthy vacancy rate at between 3% and 6 %.
- The average vacancy rate in the Toronto region is now 1.4% – down from 2.1% in 2010
- This is the lowest rate in 10 years. The continuing escalation of the cost of home ownership is making it more and more difficult for higher-income tenants to leave the rental market

What is the impact of the shortage?

- Over 150,000 tenant households in the City of Toronto— more than one-third - are inadequately housed
- Most of them are inadequately housed because they are at risk of eviction because of an inability to meet their rent payments on an ongoing basis. Another 40,000 households are inadequately housed in the rest of the GTA
- Even though the number of tenant households has increased very little in the last 20 years, the number of tenants inadequately housed is up almost 50%
- There are 82,000 eligible households on the social housing waiting list in the City of Toronto, a number that grows every year
- The average increase in rents in Ontario last year was 1.8%, while the rent increase guideline, based on the rate of inflation, was 0.7%
- That's two and one-half times the rate of inflation
- Although some landlords may be charging sitting tenants illegal rent increases, and some landlords are getting permission to increase rents above the guideline, rents are going up because the lack of an adequate supply of units means that tenants cannot negotiate rents and must accept the rent demanded by landlords or they don't get the unit
- This is only possible because of the provincial government's relaxation of rent regulation in 1998 which allows landlords to charge whatever the market will bear for a vacant unit rather than being bound by a rent guideline
- If you have moved recently, you have felt the impact of the rental housing shortage directly
- But for the majority of you, who have not moved recently, the impact has been felt in reduced maintenance, repair and service levels in your building
- When tenants find it very difficult to move because of high, unregulated rents for vacant units, and landlords can get increases of 10 – 20% if tenants move out, there is little incentive to keep building in a good state of repair or to provide lots of amenities for the tenants
- For sitting tenants, this lack of maintenance is particularly felt inside your unit, while money is lavished on landscaping, lobby improvements and cosmetic makeovers of vacant units to attract new tenants

What have we done in the past to address a lack of rental housing?

- This is not the first time in Toronto's history that we have faced housing shortages
- Right after WWII, the City of Toronto took out ads in newspapers across Canada telling people not to move to Toronto because of the extreme housing shortage here.
- But governments of that time believed that they had an obligation to make housing available to those who had fought in the war, or supported the war effort at home or who were fleeing the horrors of war
- They used public money and tax policy to build housing and create communities
- Their support was largely directed at the private market for home ownership and we continue to provide subsidies for people well-off enough to buy a home

- But government policy also supported the building of private rental housing, to meet a strong demand from people who wanted to live in apartments and to build up a development industry that could compete on an international level
- For those people who could not make it in the private market, public housing programs were developed that provided public subsidies to construction and rents so that low-income tenants paid only 25% of their income on housing, no matter how low that income was
- Eligibility for this housing was very restricted as were requirements for continued occupancy – in a way that we would not find acceptable today
- As these programs evolved, eligibility widened to include most low-income people, and new models of meeting the demand for affordable housing were developed
- Municipalities, co-operatives, faith communities and other non-profit groups began to sponsor and provide what was now called “social housing”
- The idea of *mixed-income* housing projects began to find favour, reflecting the concern about the concentration of poverty in particular buildings and neighbourhoods
- Mixed-income communities were also supported by programs that provided tenants with rent supplements that allowed them to live in private market buildings alongside more affluent people, but at subsidized rent levels
- As you can imagine, subsidizing rents was much preferred by private landlords over social housing that made the rental market more competitive and kept the cost of housing down

So where did things go wrong?

- After some severe economic shocks affected Ontario in the 1990’s, the political climate began to change
- People became more concerned about the amount of money that governments owed and about the amount of taxes they were paying to those governments
- The view that the private market could address social problems and that poverty was the fault of those who were poor became more popular, and politicians who expressed these view formed our governments
- This resulted in decisions by the provincial government to stop spending money on things like housing and income support and laws that made it easier for landlords to make money from rental housing in the hope that this would attract more investment
- So, the province got out of the business of building rental housing and stopped providing money to municipalities and non-profit groups to build housing
- Even when the provincial government changed, the major flaws in rent regulation were not fixed, and the province stayed out of the business of building rental housing

What are governments doing now?

- In recognition of the social need and the public support for investment in affordable housing and to differentiate their policies from those of the Harris era, the provincial government returned to providing money to build of new affordable housing
 - They were encouraged – almost forced – to do so by the availability of housing money from the Government of Canada
 - The federal program required a contribution by the province, and allowed the provinces a great deal of flexibility in how the money was spent
 - The program is so flexible that the Provincial Auditor has questioned whether or not the \$300 million that Ontario collected in earlier years was actually spent on housing
 - Ontario’s approach to spending this money is to pass it on to the municipalities under a program is now called the Investment in Affordable Housing Program and it will run until 2014
 - The Province (with Federal assistance which is declining every year) also continues to provide subsidies to municipalities and other non-profit housing providers in an effort to support rent subsidies in social housing and to maintain the existing social housing stock
 - The problems in TCHC make it clear that this funding is not adequate
 - And the Province runs the Landlord and Tenant Board, the chief function of which is to ensure that tenants pay their rent on time and to evict them if they don’t
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- The Province spent three years “consulting” with the public on what they called a “Long-term Affordable Housing Strategy”
 - They sent politicians and bureaucrats all over the province, and everywhere people told them the same thing - that we needed a permanent program to increase the number of rental units available to low and moderate income people on an ongoing and sustainable basis
 - However, what we got was a law called the “Stronger Communities Through Affordable Housing Act”
 - This law provided no new money to address housing needs
 - It continued the downloading of responsibility for housing to municipal governments that the Harris government started
 - It changed planning law to encourage municipalities to allow more basement apartments and it asked each municipality to develop a “Housing and Homelessness Plan” which must be sent to the Province by the beginning of 2014
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- The City of Toronto had already developed a plan to deal with housing and homelessness, called “Housing Opportunities Toronto”
 - It is filled with lofty goals of ending homelessness and discrimination and providing housing for all, with no plans as to how it will be paid for, other waiting for the Province and the Feds to give them some money

- The City Executive has made two attempts to cut off all funds for the development of new affordable housing – even projects that are fully funded by the other levels of government – and put most of the Federal-Provincial money into rent subsidies to be paid to private landlords
- But Council has pushed back on this and has allocated the Investment in Affordable Housing money according to the Housing Opportunities Toronto plan, which includes a range of strategies to address housing needs
- However, rather than the almost \$500 million that the City had hoped for, they got just over \$100 million
- After this money was divided up between rent supplements (to allow low-income people to rent in the private market), home repairs for low-income owners, grants to landlords to make repairs and a program to help 200 tenants buy homes, there is only enough money left to build less than 300 rental units in 2012
- And it's likely that very few of the people on the social housing waiting list will be able to move into these units because the rents will be too high
- The City is also consulting with the public on updating its Official Plan, a document that has important provisions protecting rental housing from demolition and conversion and giving Council the power to require affordable homes as a condition of new development on large sites across the City
- The development industry is lobbying furiously to neuter these parts of the Plan

Where should we be going?

- So what are some of the answers to this desperate state of affairs?
- Well, let's start at the top
- There is a Bill before the Federal parliament right now, introduced by one of the young Opposition Members from Quebec called "An Act to ensure secure, adequate, accessible and affordable housing for Canadians"
- It would require the Federal Minister responsible for housing to consult with the provinces, territories and other stakeholders to develop a national housing strategy
- The Bill does not commit the government to spend any money – it's a Private Member's Bill and so it can't – but it requires a conference to be held and a report to be placed before Parliament setting out a plan within a year
- Unless it gets support from the Government Members of Parliament, even this step will not be taken
- But a plan without money to implement is a small step. Ongoing funding from the federal and provincial governments is an absolute must if the lack of affordable housing is to be addressed
- Senior levels of government have the revenue tools to raise money for important and expensive social programs – primarily through income tax based on the ability to pay
- The City relies almost exclusively on property tax to fund its programs, and much of this burden falls on people who are struggling to pay the cost of their own housing - homeowners and tenants whose landlords can property tax increases onto them by increasing rents

- So what is the role of the City?
- There is a huge public investment in Toronto's housing assets – mainly held by the Toronto Community Housing Corp.
- These assets must be preserved and developed. Once City Council gets over its battles over public transit, they must turn to reforming TCHC and develop a proactive strategy to bring this damaged public asset back to life
- The uproar over the proposal to sell off some of the TCHC stock demonstrates how strongly the public feels about the role of TCHC
- This support should be channeled into a major revitalization
- Toronto will, in all likelihood, remain an attractive place for private investors to develop ownership housing and commercial buildings. The Provincial and City both have planning objectives that support the building of homes for people of *all* income ranges
- Council must adopt a new development strategy that actually achieves this
- This means, for example, that high-end condominiums would not be built unless the development plans included a component of permanently affordable housing.
- This is called “inclusionary housing” and has been the principal way that American cities have made affordable homes available to their residents despite massive cutbacks to Federal low-income housing programs
- The City must maintain and strengthen their Official Plan provisions and bylaws concerning the protection of rental housing
- This has been a bright spot in the City's otherwise poor housing policy in the past ten years, but the development industry is gunning for these provisions in the Official Plan review
- City Hall should be updating the zoning bylaw as it relates to housing and apply it fairly across the city. The efforts to prevent the owners of detached houses from subdividing them into apartments and rooms has failed in the face of economic reality
- Many tenants – all over the city but particularly in the suburbs – are living in these houses in unsafe and unhealthy conditions. But they are afraid to contact the City to make a property standards complaint because they believe that City inspectors are more concerned about keeping tenants out of some neighbourhoods than keeping people safe
- City Councillors must recognize that the development of affordable housing is the business of ALL of council. The current system treats each ward as a separate fiefdom where the local councillor can essentially veto an affordable housing development and none of the other councillors will say anything because they want the same right in their ward
- There is also a large public education project to convince neighbourhood groups that prospective residents of their community should not be judged on the size of their paycheck or the amount of support they may need to live in the community
- Councillors should not be intimidated by uninformed and prejudiced views about low-income people and people with disabilities

- The Ontario Human Rights Commission has begun to take an interest in these issues and can be expected to confront municipalities that find ways to exclude people from parts of the community
- In the end, government must accept the reality that a decent home is a human right that everyone in society is entitled to
- Where the private market cannot meet this need, government must step in for the good of everyone
- Our organization has worked with the provincial government, the federal government and international bodies such as the UN to have this right recognized
- We have heard many high-minded pronouncements from all of the above, but the same broken policies continue
- We are now turning to the Courts – asking that the guarantees of the right to security of the person and freedom from discrimination in our Charter of Rights and Freedoms be recognized as including the right to housing
- Even if we are successful, there will be a long struggle to make that right a reality
- But court decisions and laws are only effective if people in the community take responsibility and advocate when and where they can for housing policies that are based on more than greed and fear
- Everyone here must be a part of that struggle by recognizing that your housing problems are not your personal failures and there are solutions that can create livable communities that have room for everyone