



CANADIAN HOUSING POLICY REPORT | NOVEMBER 2022

ULI NATIONAL HOUSING WEEK

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THIS REPORT IS AUTHORED BY:
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ON THE COVER: Birds-eye view of suburban homes. *(Tom Rumble, Unsplash)*



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About the Urban Land Institute

The Urban Land Institute is a global, member-driven organization comprising more than 45,000 real estate and urban development professionals dedicated to advancing the Institute's mission: shape the future of the built environment for transformative impact in communities worldwide.

ULI's interdisciplinary membership represents all aspects of the industry, including developers, property owners, investors, architects, urban planners, public officials, real estate brokers, appraisers, attorneys, engineers, financiers, and academics. Established in 1936, the Institute has a presence in the Americas, Europe, and the Asia Pacific region, with members in 80 countries.

More information is available at uli.org. Follow ULI on [Twitter](#), [Facebook](#), and [LinkedIn](#).

About The School of Cities

The [School of Cities](#) is a solutions incubator for urban-focused researchers, educators, students, practitioners and the general public to explore and address the complex global challenges facing urban centers. A living laboratory based at the University of Toronto, the School leverages urban data and lived experience to improve policy and decision-making, and collaborates with communities around the world to make local decisions that make cities and urban regions more sustainable, prosperous, and just.

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About National Housing Week

No issue has dominated the political and industry agenda more in recent years than housing costs and affordability, now ranked the top social/political issue among respondents to 2022's [PwC/ULI Emerging Trends in Real Estate](#) survey. From market affordable to deeply subsidized housing, the challenge to arrest spiraling home ownership costs and rent increases appears out of control.

With the quality of life and the region's prosperity at stake, ULI Toronto hosted a special five-part webinar series during National Housing Week exploring what most describe as a housing affordability crisis in the GTA: what is fueling it, the impact of current efforts, and new ideas to truly and sustainably solve for it.

DAY 1: AFFORDABLE HOUSING CRISIS IN THE GTA: HOW DEEP IS IT?

MODERATOR: Leslie Woo, CivicAction

PANEL MEMBERS

Isabel Cascante, Director, Research, Public Policy and Evaluation, United Way Greater Toronto

Derek Goring, Executive Vice President, Development, Northcrest Developments

Professor Nemoy Lewis, Assistant Professor, School of Urban and Regional Planning, Toronto Metropolitan University



DAY 2: SUPPLY, SUPPLY, SUPPLY: WILL TRICKLE DOWN DELIVER AFFORDABILITY?

MODERATOR: Jesse Helmer, Senior Research Associate, Smart Prosperity Institute

PANEL MEMBERS

Karen Chapple, Director, School of Cities, University of Toronto

Robyn Brown, Director | Sr. Practice Lead, Planning, Arcadis IBI Group

Andrew Garret, Senior Principal, Real Estate Portfolio, IMCO and Ontario Housing Affordability Task Force Members-Appointed by Ontario's Ministry of Municipal Affairs and Housing

Robery Kavcic, Director and Senior Economist, BMO Capital Markets

DAY 3: DEMAND SIDE: EXAMINING THE UNDERDISCUSSED SIDE OF SUPPLY AND DEMAND

MODERATOR: Cherise Burda, Executive Director, City Building Research and Innovation, Toronto Metropolitan University

PANEL MEMBERS

Shaun Hildebrand, President, Urbanation Inc.

Tobias Oriwol, VP, Investments, Tricon Residential Inc.

John Pasis, President and Broek, Realosphy Realty Inc.

Steve Pomeroy, Industry Professor and Executive Advisor, McMaster University, Canadian Housing Evidence Collaborative (CHEC) and Senior Research Fellow, Carleton University

DAY 4: REALITY CHECK: HITS AND MISSES OF GOVERNMENT-SUPPORTED AFFORDABLE HOUSING

MODERATOR: Mark Richardson, CTO, Rich Analytics Technical Lead, HousingNowTO.com

PANEL MEMBERS

Andrew Joyner, Managing Director, Tricon Residential Inc.

Joe Svec, VP, Development & Planning, Choice Properties

Ray Sullivan, Executive Director, Canadian Housing and Renewal Association

Chiyi Tam, Executive Director, Kensington Market Community Land Trust

DAY 5: RIGHT TO HOUSING IN CANADA: FAILING THE UNDER-HOUSED AND HOMELESS

MODERATOR: Adrienne Pacini, Partner, SHS Consulting

PANEL MEMBERS

Michael Brooks, CEO, REALPAC

Cheryll Case, Founder and Executive Director, CP Planning and Early Canadian Urban Leader, School of Cities

Emily Paradis, Senior Policy Advisor, Office of the Federal Housing Advocate

Mwarigha M.S., VP, Woodgreen Community Services

CANADIAN HOUSING POLICY OVERVIEW

During National Housing Week in November 2022, the Urban Land Institute hosted a series of webinars to discuss housing policy in Canada. Covering topics of supply and demand, as well as the role for government action, the series brought together developers, organizers, nonprofit stakeholders, and policy professionals in discussions centered on a key question: **are we on the right track or the wrong track in regards to delivering housing affordability in Canada? If we are on the wrong track, how do we get on the right one?**

The Right to Housing

“The human right to adequate housing is more than just four walls and a roof. It is the right of every woman, man, adult and child to gain and sustain a safe and secure home and community in which to live in peace and dignity.”

-UN High Commissioner on Human Rights

To solve Canada’s complex and longstanding housing crisis, a “progressive realization” of the right to housing, one in which human rights take primacy over other legal rights and responsibilities (such as property rights), is crucial. A progressive realization of the right to housing entails:

- Adoption of effective housing measures
- Investing all appropriate means
- Investing the maximum available resources
- Prioritizing those in need (Indigenous peoples, disadvantaged groups)
- Ensuring non-discrimination, preventing regression, and addressing urgent threats

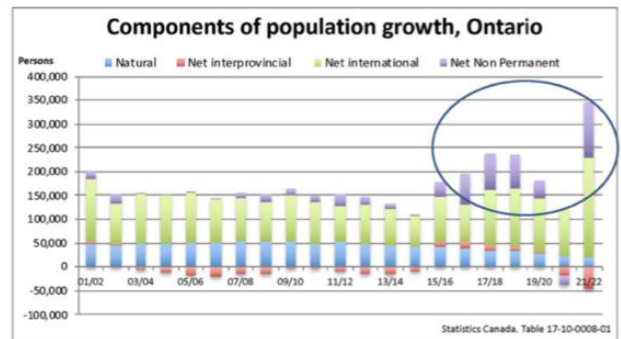
Under the human right-to-housing framework, the roles of both groups and individuals in housing are recast: as rightsholders (people, especially disadvantaged groups), duty-bearers (government at all levels), and responsibility holders (others, such as private entities, who affect and influence Canada’s housing system).

Why is Housing Not Affordable?

SOCIAL FACTORS

1. Spatial and racial concentrations of poverty
2. Homelessness as the “natural outcome” of the organization of Canada’s housing system
3. Migration and population growth

Recent surge in Migration 2017-19 (same across Canada)
 Mainly from “non-permanent residents” = rental
 vs. inelastic supply



Canadian Housing Evidence Collaborative (CHEC)

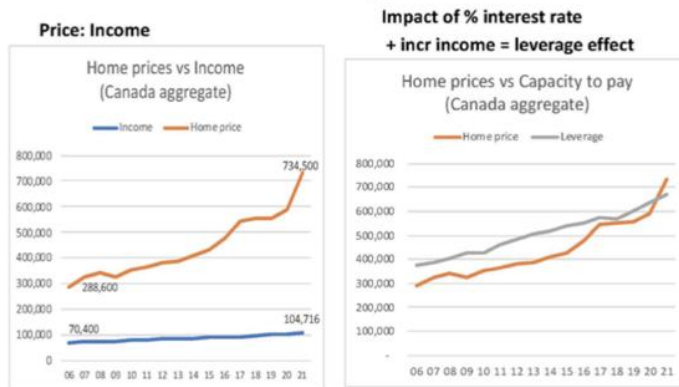
Figure 1. Graph displaying “non-permanent residents” as an increasing component of Canadian population growth

ECONOMIC FACTORS

1. Housing prices spike due to those with a higher capacity to pay: a small group of households has an outsized effect on the marketplace

Quality of Demand

Price to Income vs. Leverage effect



Canadian Housing Evidence Collaborative (CHEC)

Figure 2a (left): Graph displaying Canadian home prices vs. income.

Figure 2b (right): Graph displaying Canadian home prices vs. capacity to pay

2. The demand of for-sale and rental housing is affected by new households, the labour market, would-be-homeowners forced into the rental market, and the appreciating equity of existing owners creating “super-charged demand”

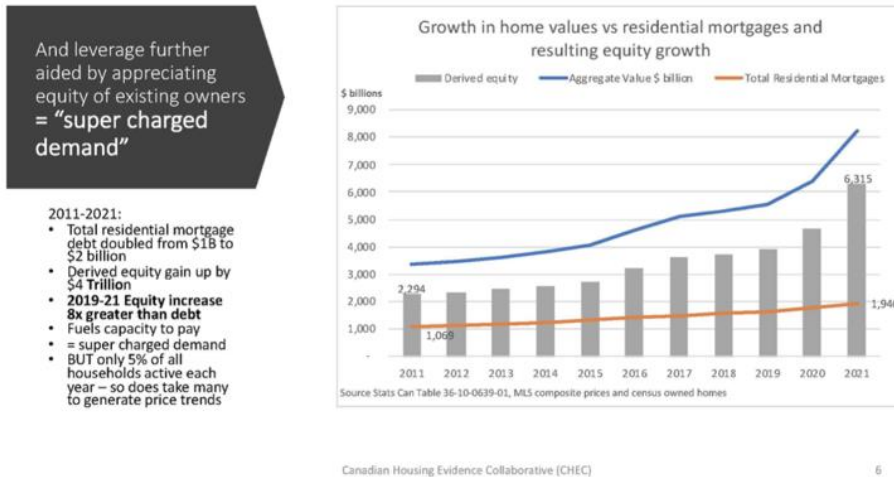


Figure 3: Graph displaying growth in home values vs residential mortgages and resulting equity

3. The presence of financialized, multi-property, and absentee landlords in the market
 - a. Around half of above-guideline rent increases are filed by financialized landlords, as well as a large chunk of evictions (the majority of which are for nonpayment of rent)
 - b. As many as 2/3 of buyers already have property

POLITICAL AND INSTITUTIONAL FACTORS

1. Public-private partnerships are precarious: while private partners may be dedicated to keeping housing both affordable and secure, they have a fiduciary duty
2. Different levels of government create contradictory or poorly matched policies
3. There is a problematic lack of revenue for municipal governments
4. The budget gap is too big for one level of government alone to make projects viable: multiple levels of government must work together

Where We Are: Wrong Track

- A focus on supply to the exclusion of adequate policy around demand, despite a consensus that we won't be able to hit supply-side targets

Building all that we can

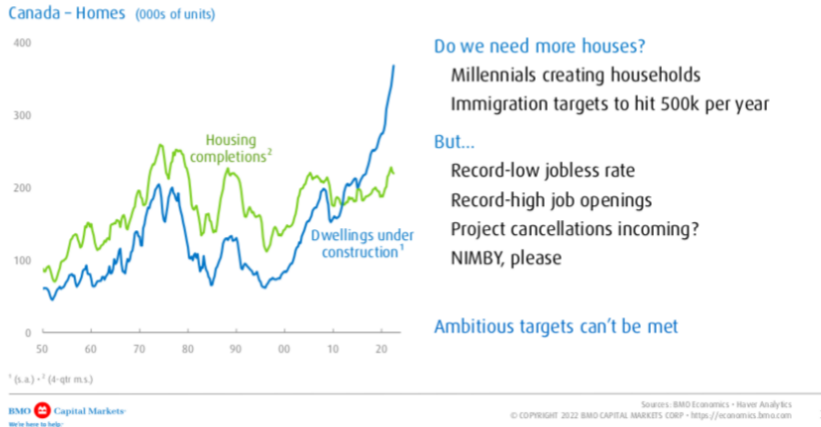


Figure 4: Graph displaying housing completions and constructions in Canada over time

- What is being supplied and how it is being supplied:
 - The market is dominated by either single-family or high-rise projects
 - Multiplex and multifamily housing is transformed into single family homes, rather than the other way around
 - New developments are subjected to increased pressures to achieve affordability, which widens the types of housing that new development is expected to provide without broadening feasibility
- A generational low in affordability affecting demand:

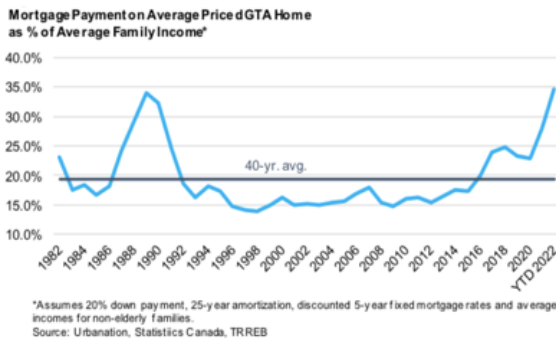


Figure 5a (left): Graph displaying mortgage payments as a % of income over time

Figure 5b (right): Graph displaying GTA homeownership rate over time

- A mindset that either developers or government are the only actors with the ability to house people and the only actors who have historically participated in housing people

- Affordability leading to temporarily, but not permanently affordable units
- A lack of purpose-built rental and the conversion of low-rise homes to rentals declining:
 - Just supplying purpose-built rental can't solve the problem: to make purpose-built rental feasible without any policy modifications, rents would need to increase 50% overnight

From 2011-2021, while owner households increased by 7.7% and renter households increased by 25.6%, the number of purpose-built rental apartments only increased by 4.6%

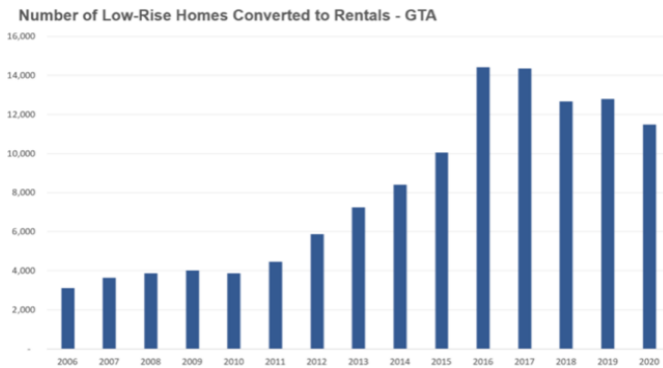


Figure 6: Graph displaying low-rise to rental conversions in the GTA over time
Source: Realosophy

At a macro level, pricing has increased and PBR growth hasn't kept pace

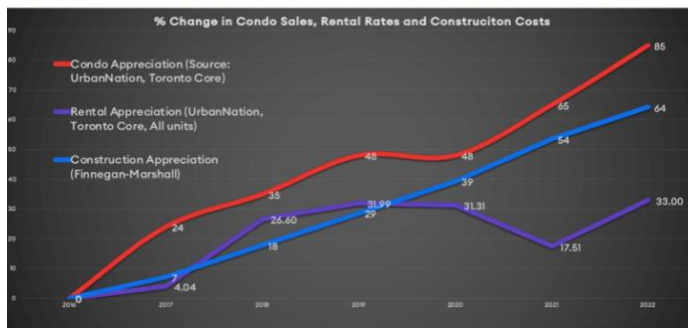


Figure 7: Graph comparing condo, rental, and construction change over time
Source: Joe Svec

- Rental construction stalling at the wrong time

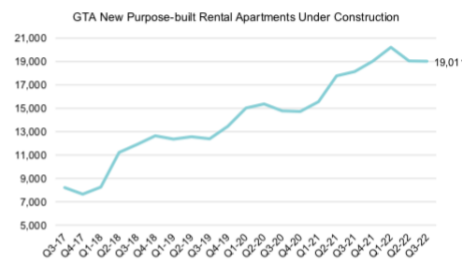
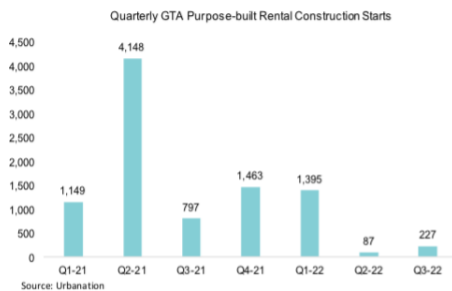


Figure 8a (left): Graph displaying GTA purpose-built rental construction starts

Figure 8b (right): Graph displaying GTA purpose-built rental apartments under construction
Source: Urbanation

	3-yr Change to Q3-2022
Residential high-rise construction costs	42%
Rents	12%



Bird's-eye view of suburban housing (*Maximilian Conacher, Unsplash*)

Where We Want to Be: Right Track

- A balanced focus on factors affecting both the demand and supply of housing
- Delivery of more creative developments: multiplex, laneway, and garden suite housing
- A conscious retention and development of multiplex and multifamily housing
- Focus on long-term affordability
- Incentivization, with a focus on feasibility, of the inclusion of different types of housing in new developments
- Development of a broader conception of how housing can be delivered, and by whom

Calls to Action and Policy Recommendations: How Do We Move from the Wrong Track to the Right Track?

1. **Support people to actually purchase the housing that we build.**
2. **Incentivize development of affordable housing.** In Ontario, the province's Bill 23 could be used to build and subsidize the development of affordable housing by incentivizing provision by private developers through the reduction of red tape.
3. **Rezone.** Open up the yellow belt and upzone around transit stations and within neighbourhoods.
4. **Retain rental replacement policies.** Rather than weakening our legislative infrastructure around rental replacement, policies such as the City of Toronto Act Section 111(1) should be safeguarded and strengthened.
5. **Partner.** Matching organizations that provide housing, those that have access to capital, and those that target underserved groups will be key. Bringing non-traditional partners to the table and engaging in public-private partnership through intentional government investments while market conditions are ripe is crucial.
6. **Develop a full spectrum of housing options.**
7. **Create a realistic estimate of how much housing (specifically, affordable housing) should be built.** Demand-side and supply-side conversations around housing estimates should be connected to link evidence concerning demand and supply in order to derive better numbers.
8. **Co-design and enable vertical integration.** Government should move beyond consultation to actual co-design and co-delivery of housing programs, collaborating with organizations working on the ground to develop and implement housing programming that works.
9. **Reform rent control and refocus on affordable housing provision.** Rent control policy in the past has focused on supply, to the exclusion of paying attention to why the affordable housing remaining in the market is being lost.
10. **Rethink the private sector's role.** New supply provided by private developers should create opportunity for owners and renters to move up the housing continuum. It should also provide opportunity for entry into homeownership for any market segment, based on household income.
11. **Enable equitable retrofits.** Policy frameworks (i.e., subsidies) that allow for retrofits and upgrades to dated buildings *without* making them unaffordable to current tenants are sorely needed.
12. **Create more supply: but at the right price point, for the right people.** Indiscriminate provision of housing supply is an ineffective way of addressing the housing crisis.
13. **Support housing providers to provide diverse, high-quality housing at a range of accessible price points.** Increased responsibility on market housing providers requires cross-subsidies throughout the housing continuum and collaboration across the spectrum of housing provision.



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