

Policy Priorities for Federal Election

August 30th 2021

Introduction

The Advocacy Centre for Tenants Ontario (ACTO) is a community legal clinic, funded by Legal Aid Ontario, with a province-wide mandate to advance and protect the interests of Ontario's low-income tenants.

Canada faces a worsening affordable housing crisis. Increases in the average income of renter households have been greatly outpaced by increases in average shelter costs. Forty percent of Canadian renter households pay unaffordable rents, spending 30% or more of their income on shelter. In Ontario, the percentage is higher, with almost half of tenant households in the province spending 30% or more of their income on shelter; one in five spend 50% or more of their income on shelter, placing them at higher risk of homelessness.¹ The COVID-19 pandemic has placed increasing pressures on rental households. Over 250,000 households in Canada have accumulated over \$350 million in arrears since the beginning of the pandemic.²

Housing is a key social determinant of health. This has become even more evident during the COVID-19 pandemic. Vulnerable populations experience higher levels of housing insecurity and unaffordability, and have now been disproportionately affected by the pandemic. Having safe, adequate, and affordable housing will be critical for the post-pandemic recovery. An affordable housing policy should be a top priority for all parties going into the 2021 election.

1. Prioritize new affordable rental housing

The greatest housing need in Ontario and across Canada is for purpose-built rental housing that is affordable over the long term. Ontario needs to build at least 10,000 new rental units annually to meet the demand of a growing population. However, we've seen an average of only 5,500 rental completions annually over the period from 1990 to 2020³ – approximately half of what we need.

¹ Statistics Canada, 2016 Census of Population, Statistics Canada Catalogue no. 98-400-X2016228

² <https://policyoptions.irpp.org/magazines/march-2021/with-more-than-250000-households-in-arrears-its-time-for-rent-forgiveness/>

³ CMHC's Housing Market Information Portal, Ontario — Historical Completions by Dwelling Type, 2020, <https://www03.cmhc-schl.gc.ca/hmip-pimh/>

One of the most effective ways to increase the supply of affordable housing is to invest in the development of non-market rental housing, including social housing, non-profit and coop housing. Collaborating with the non-profit and co-operative housing sector will provide new homes that are permanently affordable and provide security of tenure. These stable, secure, and affordable homes are the type desperately needed in communities across Canada. Furthermore, increasing the number of non-market rental homes would counter the escalating financialization of housing.

We need strong investments in new non-market housing, including programs to secure financing for non-market developments, facilitating the acquisition and conversion of unused properties for residential use, and freeing surplus federal lands for community housing development. Parties should commit to the acquisition and creation of at least 300,000 units of non-market housing over the next decade.⁴

2. New supply is important, but we also need to retain current affordable housing stock

Just as important as increasing the supply of affordable housing stock is the need to retain existing affordable units. For the past 15 years, we have lost affordable housing units without building enough units to replace them. As a result, average rents have rapidly increased as the stock of affordable units has decreased.

Since 2006, Ontario has witnessed a 26% decline in units that rent for less than \$1000 for a 1-bedroom. Meanwhile there has been a sharp 87% increase in units that rent for \$1000 to \$1500 and a 36% increase in luxury rentals with rents above \$1500. This picture is even bleaker for almost half of Ontario's tenants who live in Toronto. Since 2006, Toronto has witnessed a drastic 36% decline in units that rent for less than \$1000 for a 1-bedroom. But expensive rentals are growing, with a 51% increase in units renting for \$1000 to \$1500 and a shocking 323% increase in luxury rentals with rents above \$1500.

The same decrease in available affordable units has taken place across the country. Nationally, between 2006 and 2016, the number of units renting below \$750 a month declined by 830,000.⁵ New additions to Canada's rental stock over that same period were typically priced at 140% of the average market rent and therefore did not contribute to the affordable housing supply.⁶ The current National Housing Strategy only aims to create 150,000 units over 10 years.

A central priority must be to ensure that existing community housing remains in good condition by investing in maintenance and capital repairs, including climate upgrades. In Ontario, community housing provides 260,000 homes that are an essential part of the province's housing supply. A significant proportion of community housing units are aging

⁴ <https://www.votehousing.ca/platform>

⁵ <https://www.policyalternatives.ca/publications/monitor/our-opportunity-end-housing-poverty>

⁶ <https://carleton.ca/cure/wp-content/uploads/CURE-Brief-Federal-Budget-2017.pdf>

and will require investments if they are to remain a source of affordable housing stock for future generations. These investments should be a priority since identifying and addressing repairs backlogs of community housing is much more affordable than replacing these units. For example, Canada's National Housing Strategy is currently aiming to repair and upgrade 240,000 community and affordable housing units through the National Housing Co-Investment Fund. This is a good start, but more needs to be done.

The private market has seen the loss of affordable rental units due to incentives to demolish or renovate older buildings, as well as the increased concentration of rental apartment ownership in large-scale corporate landlords and REITs. As a result, tenants face large rent increases, evictions, and displacement. Governments should provide funding and assistance for the acquisition of existing affordable rental housing by non-profits. Moving these affordable rental units into non-market ownership would prevent further losses and preserve affordability over the long term.

3. Address the financialization of housing

One of the rising challenges behind our affordable housing crisis is the “financialization” or “commodification” of housing, meaning the notion of housing as a wealth-generating financial asset rather than a home. We have seen an increase in institutional investors in the rental housing market, including private equity firms, asset managers, publicly listed companies, real estate investment trusts (REITs) and financial institutions. The largest 25 financial landlords (REITs and other types of firms) owned approximately 330,000 units in 2020. This constitutes nearly 20 per cent of the country's private, purpose-built stock of rental apartments.⁷ These businesses must by their nature maximize profits and therefore pursue ever-increasing rental income. This view of housing as a profit-maximizing investment is in direct conflict with the notion of housing as a basic need and human right. The financialization of housing is the main reason for the loss of affordable rental housing, which has seen 15 units lost for every new affordable rental unit created. It has led to detrimental impacts on housing affordability and the ability to find housing for low- and moderate-income renter households.⁸

We need governments to commit to addressing the scope and impact of financialization and its detrimental effect on housing. Measures could include restrictions of global capital flows into local real estate, examining tax treatment of financial firms, creating a publicly available beneficial ownership registry to eliminate hidden ownership, reining in speculation in real estate, and targeting money laundering.

4. Create an Urban & Rural Indigenous Housing Strategy

ACTO supports the calls for the federal government to develop an Urban & Rural Indigenous Housing Strategy. As a result of colonization and ongoing systemic racism, Indigenous peoples experience unique housing challenges compared to settler populations

⁷ <https://policyoptions.irpp.org/magazines/june-2021/the-rise-of-financial-landlords-has-turned-rental-apartments-into-a-vehicle-for-profit/>

⁸ <http://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

in Canada. At the present time, these needs are not adequately being met; despite Indigenous peoples making up only 2.8% of Ontario population, they make up 15% of the homeless population in Toronto⁹ and 55% in Thunder Bay¹⁰. To address this issue, the federal government should develop a housing strategy in consultation with Indigenous communities that will find appropriate solutions to Indigenous people's housing needs on and off reserves.

⁹ Peter Menzies, "Aboriginal Homelessness," *Homeless Hub*, 2010, <https://www.homelesshub.ca/resource/aboriginal-homelessness>

¹⁰ Caryl Patrick, "Aboriginal Homelessness in Canada: A Literature Review," *Homeless Hub*, 2014, <https://www.homelesshub.ca/sites/default/files/AboriginalLiteratureReview.pdf>