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Five Housing Policy Priorities for Ontario

**1. Adopt innovative approaches to develop affordable rental housing**

Ontario needs to build at least 10,000 new rental units each year 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 2020<sup>1</sup> – approximately half of what we need. Further, the new rental units that are being built are overwhelmingly luxury units. The CMHC Rental market report for 2021 found that the average rent for new supply entering the market was 43% higher than the average market rent for all units. These newer units had an average rent of \$2,222 and would only be affordable to higher-income renter households in the fourth- and fifth-income quintile.<sup>2</sup> The greatest housing need in Ontario is for purpose-built rental housing that is affordable over the long term. New rental supply has not responded to this need.

To improve the state of affordable housing in the province, the provincial government should propose innovative policy approaches, such as:

- Support the non-profit and co-op housing sector and invest in community housing, including freeing up surplus provincial lands for community housing development that remains affordable over the long term;
- Ensure any new affordable housing that is developed using public resources remains affordable over the long term;
- Grant municipalities increased autonomy to develop Inclusionary Zoning bylaws suited to their local context;
- Limit the use of exclusionary zoning, including legalization of multi-tenant housing across the province;
- Provide additional provincial funds beyond Ontario's commitments in the Federal-Provincial bilateral agreement for building and repairing social housing and non-profit housing.

ACTO also supports the calls for the Government of Ontario to develop an Urban & Rural Indigenous Housing Strategy. Over three-quarters of Indigenous people in Ontario live off-

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<sup>1</sup> CMHC's Housing Market Information Portal, Ontario — Historical Completions by Dwelling Type, 2020, <https://www03.cmhc-schl.gc.ca/hmip-pimh/>

<sup>2</sup> Rental Market Report, CMHC, February 2022

reserve,<sup>3</sup> which means the provincial government has a major responsibility to provide housing to Indigenous peoples. As a result of colonization and ongoing systemic racism, Indigenous peoples experience unique housing challenges compared to settler populations in Ontario. 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 Toronto<sup>4</sup> and 55% in Thunder Bay<sup>5</sup>. To address this issue, the government should create an Indigenous-led housing strategy that will find appropriate solutions to Indigenous people's housing needs off-reserve.

## 2. Retain existing affordable rental housing

Supply side, market-based solutions alone will not solve Ontario's housing crisis. We must make serious efforts to keep the remaining supply of affordable housing stock, otherwise things will only become worse. The financialization of housing is one of the biggest factors behind the loss of affordable rental housing units, and should be addressed by the provincial government. Financialization involves the acquisition of rental properties by financialized landlords, such as private equity firms, asset management companies, pension funds, insurance companies, and real estate investments trusts (REITs). These types of firms have increasingly been buying rental apartments over the past two decades. As of 2019, an estimated 18% of Canadian apartments are owned by financial firms. REITs alone have risen from owning zero suites in 1996, to 194,000 in 2019.<sup>6</sup>

Since 2006, Ontario experienced a 26% decline in units that rent for less than \$1000 for a 1-bedroom. Meanwhile, there has been a sharp 87% increase in 1-bedroom units that rent for \$1000 to \$1500 and a 36% increase in luxury rentals with rents above \$1500. The stark loss of affordable rental units in the private market is because of 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 routinely face large rent increases, evictions, and displacement.

We need the provincial government to commit to addressing the scope and impact of financialization and its harmful effect on housing. Measures could include restrictions of global

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<sup>3</sup> Government of Ontario, "Indigenous peoples in Ontario," *In the Spirit of Reconciliation: Ministry of Indigenous Relations and Reconciliation's first 10 years*, 2020, <https://www.ontario.ca/document/spirit-reconciliation-ministry-indigenous-relations-and-reconciliation-first-10-years/indigenous-peoples-ontario>

<sup>4</sup> Peter Menzies, "Aboriginal Homelessness," *Homeless Hub*, 2010, <https://www.homelesshub.ca/resource/aboriginal-homelessness>

<sup>5</sup> Caryl Patrick, "Aboriginal Homelessness in Canada: A Literature Review," *Homeless Hub*, 2014, <https://www.homelesshub.ca/sites/default/files/AboriginalLiteratureReview.pdf>

<sup>6</sup> Martine August (2020) The financialization of Canadian multi-family rental housing: From trailer to tower, *Journal of Urban Affairs*, 42:7, 975-997

capital flows into local real estate, examining tax treatment of financial firms, creating a public beneficial ownership registry to eliminate hidden ownership, reining in speculation in real estate, and targeting money laundering.

Existing rental housing stock is being lost to demolition and conversion of units. The provincial government should establish consistent regulations to protect rental housing stock and limit demolition and conversion of units when vacancy rates are below a healthy rate. Some municipalities - such as Mississauga and Toronto - already have rental property protection bylaws to preserve their affordable rental housing stock, but they are in the minority. Having consistency across the province is another way to preserve the current supply of affordable rental housing.

Vacancy decontrol is a provincial policy that allows landlords to charge any amount of rent to new tenants when moving into vacant units. Over time, this reduces the number of rental units that are affordable because of this incentive to remove long-term tenants. This results in higher rates of eviction, increases the cost of housing above inflation, and discourages tenants from moving when necessary due to unaffordable rents elsewhere. The provincial government should end vacancy decontrol and set limits on rent increases in vacant units. Finally, the government 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. Improve access to justice for vulnerable tenants**

Low-income tenants routinely face barriers to access the justice system. Two years ago, changes to the Landlord and Tenant Board (LTB) and cuts to Legal Aid funding exacerbated these existing barriers. In March 2020, LTB shifted from in-person hearings to digital hearings. In this shift, they have made little to no effort to accommodate tenants with mental health issues, who are illiterate or innumerate, or who do not speak English as their first language. This is compounded by the fact that many low income and rural or remote households lack access to reliable internet and phone services. The LTB expects tenants to be present throughout the day of their hearing, which can often mean that they stay online for four hours or longer. This expectation is very difficult to meet, given the data, phone and other limitations of many Ontarians. As a result of these changes, fewer people are able to assert their legal rights and Ontarians are experiencing unprecedented delays at the LTB. The digital experiment has drawn concerns from the [Ontario Bar Association](#), [Ontario Human Rights Commission](#), and the [MAP Centre for Urban Health Solutions](#).

Ontario's Courts have reopened for in-person trials out of concern with how digital hearings can disenfranchise vulnerable Ontarians. Tribunals Ontario, by contrast, has refused to follow suit despite its mandate to offer a more expedient, user friendly means for Ontarians to access justice outside our Courts. Tribunals Ontario should resume in-person hearings as the default, and offer digital hearings as an option where appropriate.

In their 2019 budget, the government made a massive cut of 35% to Legal Aid Ontario funding, a decision which harmed vulnerable Ontarians. The province's financial commitment to Legal Aid Ontario should be increased from its current level of \$350M to \$480M annually, to support desperately needed investments in legal aid. The rate of return on investment in legal aid programs is between \$9 to \$16 in savings from other government bodies, as it avoids downstream costs, not just in the justice system, but also for the government more broadly.<sup>7</sup> This level of funding (\$480M) would bring the government's commitment to legal aid back to the levels outlined in the 2014 provincial budget, a level of funding needed to ensure that essential services are available for the most vulnerable Ontarians.

#### **4. Improve security of tenure for tenants**

Across the province, we have seen a rising number of no-fault evictions, such as landlord's own use and renovations. The government must better protect existing rental housing across Ontario through adopting increased compensation for demolition or renovation evictions, increased notice periods and an effective right of first refusal policy. Eviction for occupation by the landlord or a purchaser should be subject to a higher standard of proof, one which balances the needs of the tenant and the other party. In addition, bad faith applications must be treated as serious violations of the law. For an application that is found to be in bad faith, greater fines and other remedies, including mandatory re-possession, should be applied. They must also support municipalities in regulating short-term rental platforms like Airbnb to ensure they do not convert residential units into hotel-like uses.

The financialization of housing has also had harmful impacts on security of tenure for tenants. Researchers have found financialized landlords, such as REITs, intentionally employ business practices to increase rental revenues by evicting existing tenants, upgrading buildings, and replacing the previous tenants with more affluent households who can pay higher rents.

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<sup>7</sup> Lisa Moore and Trevor C.W. Farrow, Ph.D, *Investing in Justice: A Literature Review in Support of the Case for Improved Access Report*. Presented at the Task Force on Justice Toronto: Canadian Forum on Civil Justice, August 2019

Ontario also needs to address economic evictions brought about by unlimited rent increases. Under current regulations, any unit first occupied as a residence after November 15, 2018 is exempt from rent increase limits. This allows landlords to make unlimited rent increases, which could lead to tenants being displaced from their homes. The lack of rent regulation on new units will particularly affect rapidly growing communities with a high percentage of newer builds, such as municipalities in the GTA.

## **5. Increase supports for low-income tenant households**

For many renters with low to moderate incomes, any unexpected changes to their financial circumstances can result in rent arrears and eventual evictions from their homes. The CMHC October 2020 Rental Market Survey included data on the level of rental arrears nationwide. Ontario had the highest arrears rate in the country, with tenants in slightly more than 10% of purpose-built rental units experiencing arrears. During the COVID-19 pandemic, the Government of Ontario increased funding to municipalities and service providers through the Social Services Relief Fund, providing many Ontarians with a stronger safety net to protect them from homelessness. This funding should be continued to guarantee Ontarians have access to financial supports when needed.

The pandemic also highlighted the urgent need for legislated paid sick days. Workers must have the ability to stay home while sick without the fear of losing income or their jobs. Access to employer-funded sick days means workers can safely get tested and stay home to recover as needed. The provincial government should legislate 10 permanent employer-paid sick days, and an additional 14 employer-paid sick days during public health emergencies. Long-term changes must also be made to existing social assistance programs. The assistance received by Ontario Works and Ontario Disability Support Program recipients continues to fall dramatically short of the actual cost of living. As an example, the Ontario Works maximum shelter allowance for a single parent with two children was \$554 in 2000 and has only increased to \$697 in 2020. Average rent for a 2 bedroom apartment increased from \$717 to \$1,241 in the same time period. The government should increase the shelter allowance portion of social assistance to keep up with the rising costs of housing.