

# Making Waves: Ensuring Housing Equity on Toronto's Urban Waterfront



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## **Abstract**

Toronto's urban waterfront is a large and underutilized area that is in the midst of one of the largest revitalization efforts in the world. The area is changing from a formerly contaminated industrial zone to a vibrant mixed-use community. Meanwhile, Toronto is experiencing the worst housing affordability crisis it has ever dealt with. The cost of housing is growing at an exponential rate and neither the private nor the public sector is able to provide an adequate supply of affordable housing to meet the needs of low-to-medium-income residents. The waterfront offers an ideal opportunity to add a significant amount of affordable housing to help alleviate this crisis. The purpose of this research is to explore ways of ensuring that the revitalization process along the waterfront remains inclusive to people of all income levels. An analysis of the relevant literature and of public policies and regulations helped to identify ways of fostering housing equity at the water's edge. Interviews with local experts on Toronto's waterfront redevelopment and on the process of building affordable housing in the city, also helped to assess the feasibility of potential measures. It is hoped that this report will be used to help improve the affordability and equity of Toronto's waterfront, while also serving as a model for other cities.

## **Résumé**

Le secteur riverain urbain de Toronto est une zone vaste et sous-utilisée qui est sujette à l'un des plus grands efforts de revitalisation au monde. Le secteur est en train de changer d'une zone industrielle autrefois contaminée à une communauté vibrante à usages mixtes. En même temps, Toronto connaît la pire crise d'abordabilité du logement qu'elle ait jamais connue. Le coût du logement augmente à un rythme exponentiel et ni le secteur privé ni le secteur public n'est en mesure de fournir un nombre suffisant de logements abordables pour répondre aux besoins des résidents aux revenus faibles ou moyens. Le secteur riverain de la ville offre une occasion idéale d'ajouter une quantité importante de logements abordables pour aider à atténuer cette crise. Le but de ce travail de recherche est d'explorer les moyens qui pourraient être utilisés pour que le processus de revitalisation du secteur riverain demeure inclusif pour des ménages à tous les niveaux de revenu. Une analyse de la documentation pertinente, des politiques publiques et des règlements a permis d'identifier des moyens d'assurer l'équité en matière de logement au bord de l'eau. Des entrevues avec des experts locaux au sujet du réaménagement du secteur riverain de Toronto et des processus de production de logements abordables dans la ville ont permis d'évaluer la faisabilité de mesures potentielles. Nous espérons que ce rapport servira à améliorer l'abordabilité et l'équité du secteur riverain de Toronto, tout en servant de modèle pour d'autres villes.

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## Introduction

In Toronto housing affordability is at an all-time low. A recent study has shown that if low-income residents spend 30 percent of their annual income on housing, while also receiving a \$250 monthly subsidy through the city, they could still only cover around 60 percent of their rent based on average market prices (Beattie, 2018). Furthermore, vacancy rates in the city were at 1.1 percent in late 2017, the lowest they have been in 16 years (CBC News, 2017a). Meanwhile, rents increased by 4.2 percent between 2016 and 2017, making it extremely difficult for moderate-income residents to afford rent in the city, and near impossible for low-income earners (CBC News, 2017b). Toronto is building a “city of deepening inequalities” and is in danger of becoming a “playground for the super-rich” (Beattie, 2018). Affordability issues in Toronto have been growing for the past 20 plus years, with no end in sight. A lack of affordable rental housing supply is one of the main reasons, but with Canada’s current framework when building social housing, it becomes difficult for municipalities to keep up with demand. Instead, cities often have to rely on the private-sector to build affordable units for them. But in hot housing markets like Toronto’s, there is little motivation for developers to do so. Municipalities can guide development through robust policies, zoning, and other regulations. However, in Toronto, zoning is outdated, regulations vague, and policies not strict enough to require the inclusion of affordable rental housing.

Toronto’s urban waterfront has historically been the site of vacant, undervalued land use in an area that is in close proximity to the central business district (CBD). The revitalization of the waterfront is one of the largest urban redevelopment projects currently underway in North America, and one of the largest ever undertaken in the world (Waterfront Toronto, 2018a). The total area being redeveloped is 800 hectares, which is roughly the size of the city’s downtown core, from Bathurst to Sherbourne and Front to Bloor. The revitalization process began in 2001, and is expected to take at least 25 years to complete (ibid.). With Toronto’s current affordability crisis, the waterfront presents the city with an amazing opportunity to shape Toronto’s urban core for years to come, while also increasing its affordable housing supply. But with the process of development already 17 years in the making, it can be argued that the City is not doing



enough to ensure an adequate supply of affordable housing is being included throughout waterfront neighbourhoods.

Therefore, the purpose of this research is to find out *how the City of Toronto can ensure housing equity in its urban waterfront revitalization*. Chapter 1 of this report will look at literature that will help give insight into Canada's current housing market, access to affordable housing, and a history of waterfront revitalization around the world. Chapter 2 will analyze current policies and programs in Canada, Ontario, and Toronto which were created to help increase the supply of affordable housing. Chapter 3 will explore three specific cases of cities that are undertaking innovative policies and regulations to help solve their own affordability issues. These examples will then be used to see whether similar strategies would work in the Toronto context, especially along the waterfront. Chapter 4 will take a more in-depth look at the history of Toronto's waterfront revitalization, look at the current supply of affordable housing in waterfront neighbourhoods, and analyze several interviews that were conducted to help strengthen this study. The purpose of these interviews will be discussed in greater detail in the Methodology section below. Finally, Chapter 5 will include a discussion section that will bring together the information gathered throughout this report and give final comments on what can be done to help ensure waterfront housing equity.

## **Rationale**

Before proceeding with an analysis of the issue at hand, it is necessary to justify the rationale behind this study. Specifically, there must be a legitimate rationale for the research question of why Toronto's urban waterfront is unique from other areas in the city. Why is it that the waterfront is different from other neighbourhoods when it comes to developing socially equitable communities? First, since the land value along the waterfront is so high, if inclusive, mixed-income neighbourhoods can be successfully built here, then these areas will serve as a model for the rest of the city. Although the waterfront is unique, it can be used as an example for other areas with high land values where the risk of increasing social polarization is high. Further on this point, creating mixed-income neighbourhoods by bringing affordable housing into high-value areas and areas without a resident population brings a chance to alter the usual process of bringing in high-income housing options into low-income neighbourhoods, which often results in

the displacement of vulnerable residents. Second, much of the land along the undeveloped, eastern part of the waterfront is either vacant or underutilized, which leaves it ripe for new development. Furthermore, since the majority of the waterfront (especially the Port Lands) is underdeveloped, development presents a once-in-a-century opportunity to potentially build a large, inclusive community in the urban context. Third, there is a wealth of publicly owned land (municipal, provincial, and federal) along the waterfront that can and should be used for social benefits. Finally, significant public investment put towards the revitalization of the waterfront warrants social benefits being returned to the community.

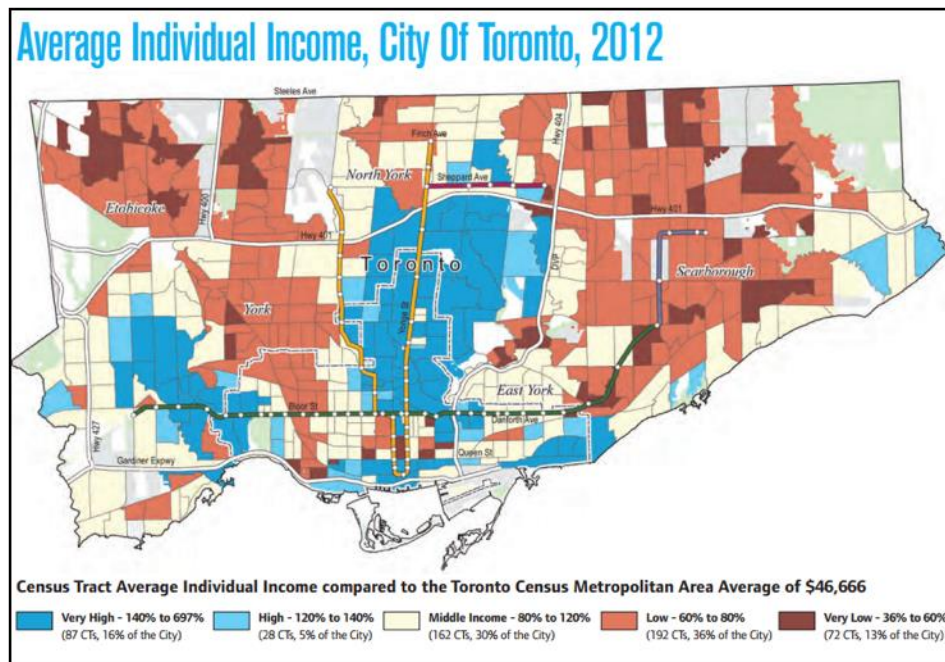
Some may argue that it makes more sense to extract as much value as possible from high-cost areas like the waterfront and use it to build affordable housing units in lower-cost areas in the city. This would make it possible to build a larger number of affordable units. However, there is a danger in doing so. The main reason why this is a mistake is that it will only increase the polarization of the city. Toronto is already at risk of becoming as polarized as many US cities, which is not a desirable outcome. Toronto once took pride in the fact that almost all of its neighbourhoods were accessible to people of all backgrounds and incomes, but this is no longer the case. If the City were to give up on an area that has an opportunity to become a successful mixed-income community, it would completely move away from the vision stated in Toronto's Official Plan. The Plan envisions:

An attractive and safe city that evokes pride, passion and a sense of belonging – a city where people of all ages and abilities can enjoy a good quality of life. A city with vibrant neighbourhoods that are a part of complete communities; affordable housing choices that meet the needs of everyone throughout their life . . . a spectacular waterfront that is healthy, diverse, public, and beautiful . . . (City of Toronto, 2013, pp. 10).

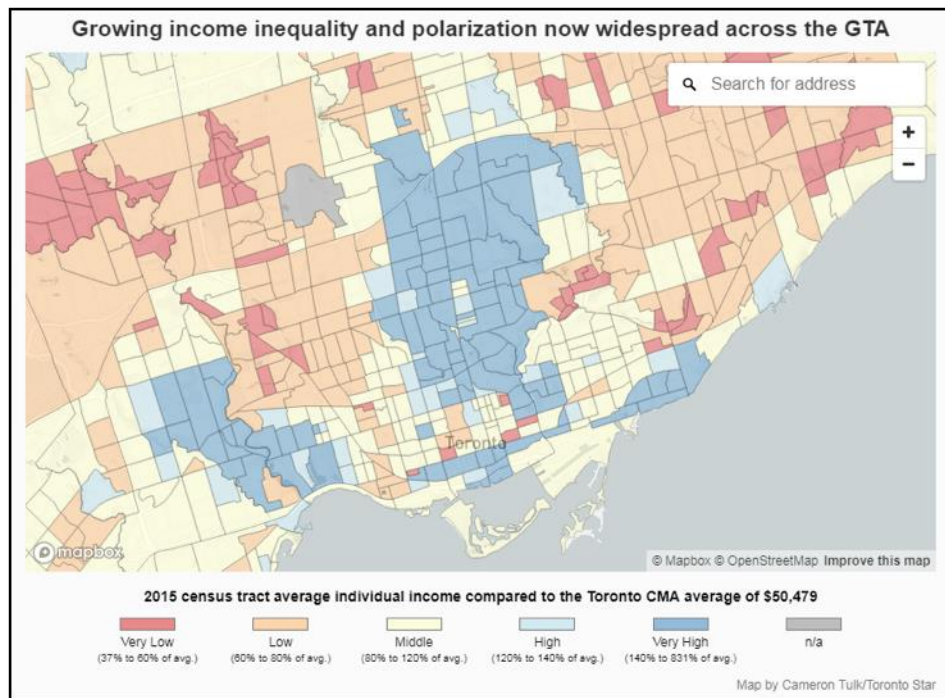
Therefore, the City needs to ensure that the waterfront does not become an area only for the most affluent residents. The City of Toronto is in a position to regain its image as an inclusive, diverse community. By using the waterfront – an area that receives international attention – as an example of planning for equitable development, Toronto can become a model for other cities. The remainder of this section will offer further justification of the inclusion of affordable housing along the city's urban waterfront.

The first reason why there is a need for affordable housing along the waterfront is to ensure that waterfront neighbourhoods are inclusive to people of all income levels. It is an unfortunate reality that there has been an increase in income polarization and a divide in large cities (Neighbourhood Change, 2015). These trends often lead to “divided” or “polarized” cities. Polarization reflects the decline of the population share of the middle-income group, and the return of two distinct groups, the rich and the poor, thus creating a “hollowed-out middle” (Walks et al., 2016, p. 9). As a result, socio-spatial polarization often occurs in neighbourhoods where individuals or households are geographically concentrated and segregated by income in a region or a city (ibid.). Spatial income segregation is problematic since it then becomes embedded in the physical and social dynamics of cities, and also diminishes opportunities for lower-income individuals.

Not surprisingly, the City of Toronto is no exception to this trend. Once celebrated as a city of neighbourhoods, Toronto has become a collection of islands segregated by income (Monsebraaten, 2017). Figure 1 maps out the geographic spacing of average individual income compared to the Toronto census metropolitan area average in 2012 (Dinca-Panaitescu & Walks, 2015). The map shows that there is a high concentration of high-income individuals living in the desirable, high-serviced neighbourhoods such as those that are within the waterfront or the North-South subway line. Meanwhile, low-income people tend to concentrate further outside the city centre in less-serviced suburbs such as Scarborough and Etobicoke. More recent data from the 2016 census shows that the problem of income polarization in Toronto is persisting and is now widespread throughout the region (see Figure 2). The majority of neighbourhoods in the GTA are now segregated into either high- or low-income, while the middle is vanishing (Monsebraaten, 2017). During the 1980's, Toronto was dominated by middle-income areas. But as of 2015, those areas make up just 28 percent of the city, while low-income areas make up 48 percent of all census tracts in the city (ibid.). To put this another way, in 1980, there were five very low-income neighbourhoods in Toronto. In 2015, there were 88 (Levine, 2017).



**Figure 1:** Average Income by Census Tract in Toronto in 2012 (Dinca-Panaitescu & Walks, 2015)



**Figure 2:** Income Inequality by Census Tract in Toronto in 2015 (Monsebraaten, 2017)

This growth in income polarization and neighbourhood inequality has many negative impacts on cities. High levels of income inequality are linked to various social and economic problems, such as lower levels of trust, social immobility, unemployment, decreased concern between people

from different neighbourhoods, higher rates of violence and criminal activity, marginalized neighbourhoods, and unstable communities (McDonough et al., 2015). People in affluent neighbourhoods also have networks, technology, and peers they can reach out to in times of need, while those in lower income areas often do not have this luxury. Not surprisingly, increasing income segregation also affects housing affordability. In areas where there are an increasing number of wealthy households, the value of property rises faster than income. This makes it difficult for low-income households to live there, and people are subsequently forced to move into areas with cheaper rents (Walks et al., 2016). When property values and housing demand rise in one area, this in turn pushes the demand to other neighbourhoods where land value and housing prices go up as well. Housing affordability, along with the lack of well-paying jobs, cutbacks to social benefits, and housing and employment discrimination, are argued to be the root cause of the growing inequality in cities (Levine, 2017). Therefore, it is extremely important to make housing affordability in wealthy neighbourhoods in Toronto a priority. Additionally, redevelopment sites, such as Toronto's waterfront, offer an opportunity to combat polarization before it begins. This too can be achieved by making housing affordable and accessible to residents with all levels of income.

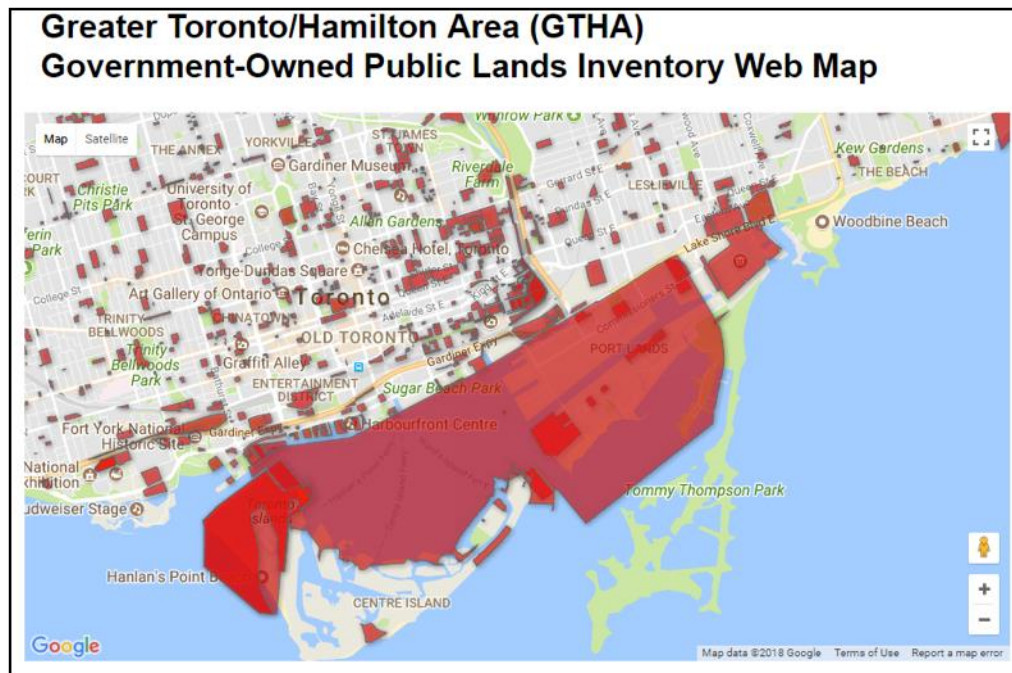
The second reason why Toronto's urban waterfront is a unique and ideal place to create equitable communities is the fact that there is abundant vacant and underutilized space which presents an opportunity for large new development projects. Throughout the twentieth century, as the rest of Toronto built outwards, the waterfront remained largely undeveloped. This is once again because of the waterfront's industrial past. Now, with a changing economic landscape in Toronto, the city has seen the departure of industrial uses which have subsequently opened up the urban waterfront. Toronto is now in the midst of undertaking one of the largest revitalization initiatives in the world, with the transformation of over 800 hectares of formerly industrial and underused lots into new mixed-use communities (Waterfront Toronto, 2018a). This scale of developable land in such close proximity to the downtown core of a major city is more or less unprecedented. Toronto thereby has a chance to take advantage of this situation which may not present itself again anywhere else in the city.

The third reason why waterfront neighbourhoods are distinct from other high-income neighbourhoods in Toronto is that there happens to be a significant amount of publicly owned land near the waterfront. Land ownership is an important precondition for governments to undertake a wide range of land-use policies, whether it be to generate public provisions, or to give governments the leverage they need to facilitate Public-Private Partnerships (P3's) which in turn can provide or encourage developers to provide affordable housing. With a limited supply of viable land, the cost of land has continued to increase throughout Toronto over the years.

Depending on the location, servicing, nearby amenities, and land-use designation, an acre of land can cost a developer anywhere between \$325,000 to over \$1.0-million (Amborski & Duong, 2017). While land values continue to increase, it is important for government agencies to understand the magnitude and location of their land assets, and how to effectively use them to lever public benefits. A high proportion of publicly owned land can help facilitate better public facilities, more affordable housing options, and a range of benefits to the public in the long run (ibid.).

Ryerson University's Centre of Urban Research and Land Development created a comprehensive map which shows the inventory of government-owned public lands in the Greater Toronto and Hamilton Area (GTHA). This interactive web map shows the location and size of land parcels owned by the federal, provincial, and municipal governments (see Figure 3). If a specific parcel of land is selected, a dialogue box pops up and gives information on the level of government that owns the land; whether the parcel is occupied, vacant, or underutilized; and the current occupant (if any). The data shows that there is a plethora of government-owned land along Toronto's urban waterfront. Nearly three-quarters of the designated waterfront land in West Don Lands, East Bayfront, and Port Lands is owned by the City of Toronto (City of Toronto, 2017a). The reason why so much of the land is publicly owned is due to the industrial history of the waterfront, which will be discussed in more detail in Chapter 4. The interactive map shows dozens of plots of land which are listed as "vacant" or "underutilized", along the waterfront, especially in the Port Lands neighbourhood.



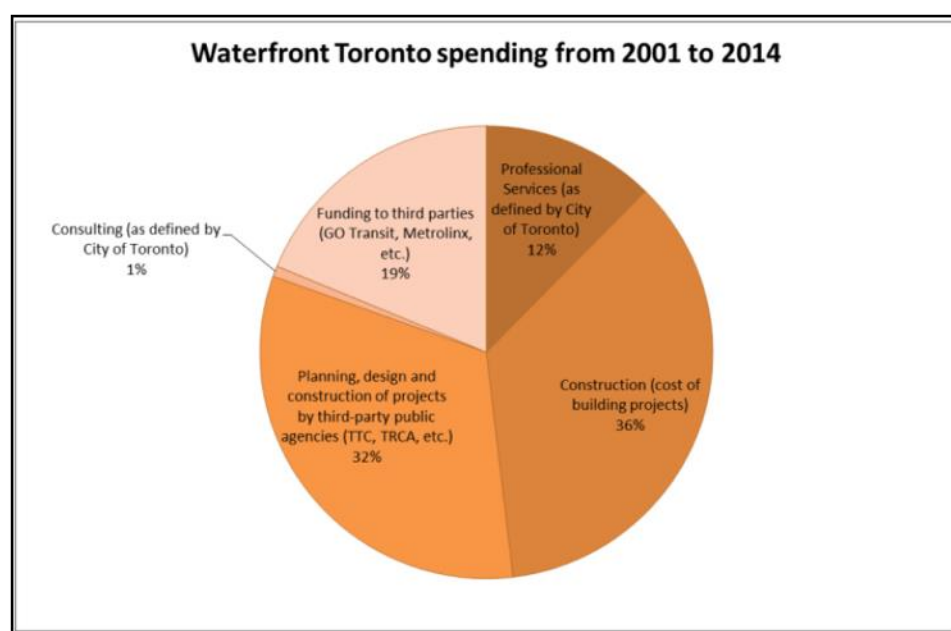


**Figure 3:** Government Owned Land in the GTHA in 2018 (Amborski & Duong, 2017)

Large amounts of publicly-owned land in desirable waterfront areas are advantageous for the development of affordable housing. The provincial and municipal governments have the opportunity to leverage the value of the land to develop new rental and affordable housing units. Essentially, if prospective developers are willing to include a certain amount of affordable housing, they will be able to partner with the relevant government agency to develop a given parcel of land. In return, the developer will be able to include market-value residential housing that can be sold at a premium in order to help ensure the financial feasibility of the project. The Province of Ontario has already begun to unlock surplus land along the waterfront to create new affordable housing units. In September 2017 it announced that it would move forward with developing two provincially-owned lots in West Don Lands (and one in the Village) that would add over 2000 new affordable and rental units (Province of Ontario, 2017). With an abundance of vacant and underutilized publicly owned land along Toronto's urban waterfront, the strategy of leveraging the value of land for affordable housing presents a unique opportunity to develop thousands of additional affordable housing units.

The fourth reason why the urban waterfront is distinct from other Toronto neighbourhoods in terms of its need for affordable housing options is based on the amount of public investment that

has been made. Through the Waterfront Revitalization Initiative, the three levels of government have made an investment of \$1.5-billion (\$500-million from each) to provide funding for projects that focus on public infrastructure, roads, public spaces, community facilities, brownfield remediation, and building sustainable communities (Waterfront Revitalization Initiative, 2015). This funding comes from three major sources: debt, development charges, and reserve funds (*ibid.*). As of 2014, most of the funding was used up, with over \$1.38-billion spent on various services (Waterfront Toronto, 2015). A breakdown of this spending can be seen in Chart 1.



**Chart 1:** Waterfront Toronto Spending from 2001 to 2014 (Waterfront Toronto, 2015)

Furthermore, in 2017 it was announced that there would be an additional \$1.25-billion in funding from the federal, provincial, and municipal governments to be invested in the Port Lands (Powell, 2017). The majority of the funding will be allocated to environmental remediation and flood-proofing so that future development will be feasible (*ibid.*). What should be noted is that to date, only 496 affordable housing units have been constructed in West Don Lands. Additionally, just 80 are currently under construction in East Bayfront (see Table 1). Although there are future plans for 1,260 affordable housing units and 300 low-end of market housing in East Bayfront, this is not nearly enough to justify \$2.75-billion in public expenditure. If the federal, provincial, and municipal governments are going to continue to invest tax-payer dollars in waterfront



revitalization, there needs to be greater social benefit given back to the community (e.g., affordable housing). Although the public does secure benefits in the form of public art, park space, and infrastructure (among other things), it can be argued that the most pressing need at the moment is a greater supply of affordable housing. Therefore, supplying more affordable housing should be the focus in waterfront revitalization projects.

<b>West Don Lands Affordable Rental Units complete</b>	
<b>243</b>	<b>Toronto Community Housing</b>
<b>145</b>	<b>Wigwamen Incorporated</b>
<b>108</b>	<b>Fred Victor</b>
<b>496</b>	<b>TOTAL</b>
<b>East Bayfront Affordable Rental Units under construction</b>	
<b>80</b>	<b>Artscape</b>

**Table 1:** Affordable Housing in West Don Lands and East Bayfront (Waterfront Toronto, 2018b)

## Methodology

This study was completed using primary and secondary source material to examine the background of Toronto's urban waterfront revitalization, and the complex process of building affordable housing in the city. Documentary sources were used with the intention of better understanding the unique history of social and affordable housing in Canada; to analyze the current policies in place that require private-sector developers to include affordable housing within their developments; to examine policies, programs, and regulations adopted at the federal, provincial, and municipal levels to increase the supply of affordable housing in Toronto; to explore the history of Toronto's urban waterfront and its recent redevelopment efforts; and to analyze waterfront neighbourhood plans and policies. Primary sources included public documents on policies, programs, and legislation. The purpose of analyzing these documents was to get a sense of whether the current system is effective at providing an adequate supply of affordable housing in neighbourhoods being created through Toronto's waterfront revitalization. In addition, interviews with professional stakeholders, field research, and analysis of statistical data helped to understand the situation on the ground in Toronto and to see the dynamics of urban development and housing production.

A great deal of research has been completed by experts on the topics of affordable housing and waterfront revitalization. This literature included online journal articles, scholarly books, and online newspaper articles. The purpose of using this type of material was to broaden the scope of the research while staying within the limited time frame of this research project. By using information gathered from sources such as newspaper articles, it allowed for a wider array of research into the background of the research question. Using secondary sources also made it possible to include case studies on three different cities that have implemented (or are exploring the possibility of) policies, programs, and regulations geared toward increasing the supply of affordable housing. The strategic measures being imposed by these three cities (Vienna, Vancouver, and Seattle), could then be analyzed to see whether similar strategies would be successful in Toronto. Field research was also conducted along Toronto and Vancouver's waterfronts. Site visits were made to Vancouver's False Creek and downtown waterfront neighbourhoods, and Toronto's Port Lands, West Don Lands, East Bayfront, and Central

Waterfront neighbourhoods. The purpose of these visits was to get a sense of the general atmosphere and experience when exploring each respective waterfront neighbourhood. The intention was also to examine the general population, surrounding amenities, and physical housing stock to see whether these communities felt inclusive.

This study also included a series of interviews with professionals who work with organizations that have an interest in Toronto's residential development and waterfront revitalization. Five respondents were chosen based on their field of expertise. It was the strategic intent that each of these five respondents were from different organizations, with primarily different interests. The purpose was to get an assortment of information that was differentiated based on the perspective and opinions from different stakeholders. The information gathered could then be analyzed to see whether each representative believes enough is being done to build an inclusive community along the waterfront, or what needs to be done in order to do so. The interview process was a key part of formulating the latter part of this report based on their advice, opinion, and elements they believe are essential for this research. The five people selected were:

- Sean Gadon, Manager of the City of Toronto's Affordable Housing Office
- Nima Kia, Land Development Manager for a non-profit housing organization
- David Stonehouse, Manager of the City of Toronto's Waterfront Secretariat
- Leslie Gash, Vice President of Development at Waterfront Toronto
- Amanda Santo, Director of Development at Waterfront Toronto

Respondents were contacted via email with an official request to be interviewed for this research project. With the agreement of the respondents, the interviews were recorded, and their names and affiliations were included in this report. All five people were interested in participating and gave consent to use their names; three gave their consent to record the interview; and four gave their consent to use the name of the organization they worked with. Three interviews were conducted in person in Toronto between February 26<sup>th</sup> and March 2<sup>nd</sup>, while two were held via phone conference from Montreal on March 9<sup>th</sup>. Each interview lasted between 30 and 60 minutes.

An interview script was created to help structure the discussions, but the questions asked and their order varied depending on the person being interviewed. Flexibility during interviews allowed for deviation from the script and more elaborate responses from the interviewees. This

method allowed the respondent to discuss key elements that they felt were essential for the research. Interview questions focused on current policies in place to increase the supply of affordable rental housing in Toronto's waterfront neighbourhoods; the past two decades of redevelopment of the waterfront; challenges faced by different sector actors to include equitable housing in waterfront developments; the possibility of widespread policy or systemic change for residential development; and the future of Toronto's waterfront revitalization. A sample interview script can be found in Appendix C.

# **Chapter 1: Literature Review**

## **1.0 Introduction**

Cities worldwide are facing the challenge of housing shortages, particularly affordable housing. Many refer to this as the housing crisis. But the idea of crisis implies that inadequate or unaffordable housing is abnormal, a temporary departure from a well-functioning standard (Madden & Marcuse, 2016). But for low-income earners, there is always a housing crisis. There are many societal factors that act as barriers to the creation and maintenance of affordable housing. A significant challenge that is raised with the revitalization of any urban waterfront is how to ensure residential equity and diversification in a desirable area which has historically been susceptible to the development of primarily high-value housing. Toronto's housing strategy is extremely market-driven, which means that new developments often favour those who have a high-income and who are willing to become property owners. Meanwhile, rental properties, affordable housing, and social housing are often an afterthought and their inclusion in new development projects is traditionally done out of necessity, in response to a housing policy that requires 20 percent of units remain affordable (City of Toronto Official Plan Housing Policies, 2007).

The inclusion of affordable housing is thereby implemented as a municipal negotiation tactic and used when a developer is seeking greater height and/or density for their projects. However, this inclusion can be circumvented by the developer paying cash in lieu, or through the construction of affordable housing elsewhere in the city (City of Toronto Official Plan Housing Policies, 2007). Developers will often choose these two discretionary options for their projects in desirable neighbourhoods, thereby limiting the supply of affordable housing near Toronto's waterfront. Ensuring housing affordability in attractive areas (such as Toronto's urban waterfront) therefore requires stronger public policy to respond to the building of affordable units when the housing market cannot. But at the same time, there needs to be a balance so as to not drive development away completely. Due to the lower profit margins associated with affordable, purpose-built rental properties and social housing, provincial and municipal governments can look at selling plots of land below market value, while still generating revenue from these sales (Landau, 2017). This is also the case for some housing development projects that have negative profit margins and could not otherwise be built without the support of

government subsidies. Of course, the government must first own these properties. However, with the current shortage of housing in Toronto and the need to continue developing under-utilized waterfront areas (such as the Port Lands), expropriation could be a legitimate option.

Implementing interventions such as stricter public policies geared towards new developments, selling land below market value, and inclusionary zoning could be other ways in which housing equity can be achieved in Toronto's waterfront revitalization projects.

The following chapter seeks to review various literatures that explore the theoretical and political history of the Canadian housing market, explore barriers and discrimination that exist in the current housing market, examine a person's ability to gain access to affordable housing in Toronto, and analyze secondary case studies with regards to equitable housing in urban waterfront developments.

### **1.1 Definition of Affordable Housing**

Affordable housing is a broad term which encompasses a range of housing types, including low-cost market housing for homeowners and renters, as well as non-market housing available at subsidized rates (Ontario Ministry of Municipal Affairs and Housing, 2011). In Ontario, private market rental housing comprises the majority of affordable housing. In Canada, housing is considered affordable if shelter costs account for less than 30 percent of before-tax household income (Canada Mortgage and Housing Corporation (CMHC), 2018). Although there are several, somewhat different definitions for affordable housing, this is the most commonly used. For instance, the definition in Ontario's Provincial Policy Statement (PPS) issued under section 3 of the Ontario Planning Act is based on the definition provided by the CMHC (Ontario Ministry of Municipal Affairs and Housing, 2011).

The term "affordable housing" is often used interchangeably with "social housing"; however, social housing is but one category of affordable housing in which rental housing is subsidized by the government (Canada Mortgage and Housing Corporation, 2018). Affordable housing can thereby cover any type of housing on the housing continuum (see Figure 4) from temporary emergency shelters through transitional housing, supportive housing, subsidized housing, market rental housing, and market homeownership housing (Canada Mortgage and Housing

Corporation, 2018). For consistency's sake, when the term "affordable housing" is used throughout this paper, it will be in reference to private market rental housing and private homeownership. As previously mentioned, this is the most common type of affordable housing in Ontario, and has the greatest opportunity at being included within development projects on Toronto's urban waterfront. Any mention of the term "social housing" will be in reference to non-market, government subsidized housing.

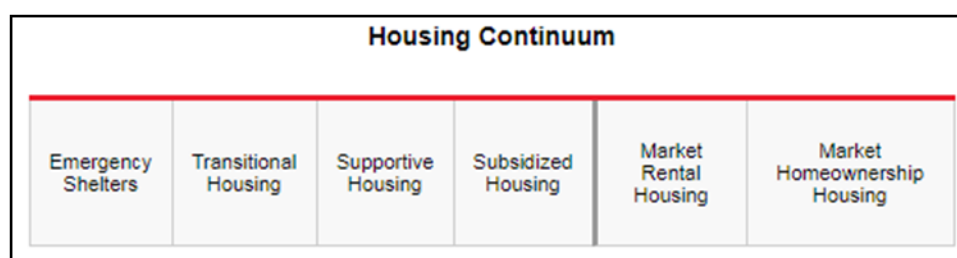


Figure 4: CMHC Housing Continuum (CMHC, 2018)

## 1.2 Social Justice, Neoliberalism, and the Post-Welfare State

Perhaps the most well-known piece of literature on social justice is *Social Justice in the City* by David Harvey (1971), and for good reason. The book sought to demonstrate how it was possible to bring social processes and spatial forms together analytically (Katznelson, 1988). The most relevant theme to the topic of equity within urban waterfront revitalization projects is the nature of social justice, which Harvey described as "something contingent upon the social processes operating in society (Harvey, 1971). A very liberal view, this essentially means that social justice reflects the morality of society at that given time. Harvey also conceptualizes the processes of urban growth and decline which spawned a term referred to as 'fixity and flow' (Schubert, 2011). This term indicates a spatial flow and movement of information, goods, and capital which are in a contested relationship with more static elements such as the urban fabric and the built environment (ibid.). Waterfronts are spaces where an ensemble of actors representing different interests, both societal and capitalistic, compete to change the urban form (Desfor & Laidley, 2012). Therefore, port cities provide a rich source for empirical case studies to explore this theoretical concept. In relation to space, Harvey comments that spatial forms are "seen not as inanimate objects within which the social process unfolds, but as things that 'contain' social processes in the same manner than social processes are spatial" (ibid.). The problem with this

view is that sometimes the space in question contains social processes that are not entirely inclusive, and instead reflect income, household type, and place of birth (Murdie et al, 2006).

Based on Harvey's literature, different ways of providing affordable housing can reflect different ideas of social justice. The more liberal a society is, the stronger the public policy to build and provide affordability options. Canada has seen a move away from a social justice motivation in housing based on its relative lack of involvement in the housing market since the late-twentieth century. The affordable housing crisis in Canada was intensified by the neoliberal political landscape of the 1990's, which resulted in the devolution of social housing management and funding from the Federal government to the Provinces (Suttor, 2016). In Ontario, the neoliberal Conservative Harris government - elected in 1995 - took the extreme path and devolved these social programs to the municipalities. By 2001, the process had resulted in reduced social housing stock and lack of funding for adequate social programs (Suttor, 2016). This "offloading" of government services left municipalities with the need to fill the void left by other governments and placed pressure on them to produce expenditures and revenues (Slack, 2006). The result was greater reliance on private-sector development for property taxes, which is the main revenue source for municipalities. In fact, property taxes generate approximately \$19-billion annually for municipalities in Ontario (Ontario Ministry of Housing, 2017). When cities are desperate for revenue, they will often allow for inequitable development in desirable areas - such as urban waterfronts - which in turn widens the spatial gap between high- and low-income earners.

Neoliberal ideals involve, among other things, a reliance on market solutions to public policy problems, privileging the actions of the wealthy, the privatization of state assets and functions, and the attack on welfare state provisions (Walks, 2009). Essentially this means freeing up markets from regulation and reducing the role of the state through expenditure and program cuts thus leading to higher efficiencies and greater economic growth and prosperity (Culpeper, 2016). The result, however, is uneven public policies which manifest themselves in greater income inequality, a shrinking middle class, and more spatial segregation. The impacts of neoliberal shifts in public policy on the quality of life and social regulations of low-income households and housing markets are key to emerging research. Studies have demonstrated that sufficient



affordable rental housing in Ontario is not likely to be attainable through the neoliberal policy emphasis of relying on private-sector filtering (Skaburkskis & Mok, 2000).

The rise of the neoliberal landscape in Canada throughout the 1990's has since led to the post-welfare state. Post-welfarism seeks to pursue the same fundamental objectives of social policy as the welfare state, including deployment of social programs as the first line of defence against economic uncertainty (Guyadeen, 2011). However, there is recognition that the public sector alone cannot address issues of social policy. Rather, post-welfarism emphasizes the need for governments to work together with the private-sector and non-profit organizations to deliver social programs (Guyadeen, 2011). This can take many forms, with the most common being Public-Private Partnerships (P3s). P3s involve the transfer of risk from the public to the private-sector. Private developers are then paid returns on the success of the development while the municipality is free to focus on the what - rather than the how - development is achieved (PPP Canada, 2017). However, as previously mentioned, there are sometimes concessions made on the part of the public sector to ensure development happens, often at the expense of the inclusion of social or affordable housing. The following section will analyze literature on additional barriers and discrimination in the current Canadian housing market.

### **1.3 Barriers and Discrimination in the Current Housing Market**

The rise in housing prices in Canada's urban centres - especially Toronto and Vancouver - is perhaps the greatest barrier to low-income earners in the housing market. In early 2017, the Bank of Canada reported that average national housing prices are almost six times the average household income - a record high (Canadian House of Commons, 2017). In Ontario specifically, in 2016 the average home price grew by 15 percent, a rate that is described as extremely unsustainable (Desjardins Group, 2017). This problem is intensified by the extremely hot real estate market of Toronto, which in 2016 saw a new record in home and high-rise unit sales and breaking the previous record that was set in 2015 (Novakovic, 2017). Housing is selling as quickly as the industry can bring it to the market, which only decreases the odds of the private-sector including any more affordable housing than is required by municipal policies. A lack of developable land in the Greater Toronto Area (GTA) - with Lake Ontario to the south and the Greenbelt surrounding the rest of the city - is further limiting the amount of space that the region

is setting aside for affordable housing. Meanwhile the demand for affordable housing in the area is rising, due to the unaffordability of new units, tight vacancy rates (1.7 percent in 2016), and a lack of new rental and affordable housing (O'Keefe, 2016).

Another barrier that exists in the current housing structure is due to de facto discriminatory land-use planning. For example, it has been argued that zoning by-laws that create neighbourhoods which exclude tenants (i.e. rentals) or zoning that excludes group homes or unrelated people from living together are considered discriminatory (Novac, 2002). For example, although not always intentional, zoning which prohibits the construction of apartments and limits housing types to single-family homes prevents different types of residents from moving into the neighbourhoods and leads to discriminatory results. This type of housing stock is much more likely to be owned rather than rented, and thereby may exclude low-income earners de facto.

An example of regulations that explicitly prohibit rental properties are private regulations put in place by condo associations. This is an issue when considering the sheer number of condo units being built in Toronto. From 2010 through 2017, over 109,497 condo units were added in the GTA (Gray & Sopinski, 2017). In August 2017, there were a reported 1,125 units available for rent with an average of \$2,073 cost-per-month (Financial Post, 2017). When condominiums were made legally possible in Ontario in 1967, the original hope was that they would act as a low-cost rental solution to the affordable housing crisis (Gray & Sopinski, 2017). Over 50 years later, condo development has had the adverse effect. Not only is there still an affordable housing crisis across Canada, but condo units are breaking cost records and further widening the gap in housing affordability throughout major cities. If there is to be any relief to help mitigate this problem, stricter policies must be put in place that will require private-sector developers to include more affordable housing in *all* condo developments. Although the Province of Ontario does currently have policies in place that are meant to address the affordable housing issue, there are still many factors which impede the addition of low-income housing in new developments. These will be discussed in more detail in Chapter 2.

Ontario did not begin to require the private-sector to include affordable housing units in new developments until 2016 when it passed Bill 7, which promotes “inclusionary zoning” (Ontario Ministry of Housing, 2016). Former City of Toronto Chief Planner Jennifer Keesmaat estimated

that if municipalities had this power sooner and had a 10 percent affordable housing requirement in large residential buildings (over 300 units), from 2011 through 2016, 12,000 new affordable housing units would have been secured (Monsebraaten, 2016a). Therefore, the delay in passing Bill 7 worsened the lack of affordable housing in many municipalities. This includes Toronto, where the average household spends approximately 72 percent of the median pre-tax household income on home ownership costs (RBC Housing Trends and Affordability Report, 2017). This is second only to Vancouver in Canada, and the highest it has been since 1990 (ibid.). Meanwhile, the overall vacancy rate for affordable apartment rentals in the GTA was just 1.2 percent in 2016, well below the 3- to 4 percent considered ideal for a healthy housing market (Mathieu, 2017a). Furthermore, the average cost of an apartment rose to just over \$1,600 a month for a bachelor apartment and \$2,700 a month for a two-bedroom apartment in Toronto in 2017 (Spoke, 2018). However, the lack of affordable housing supply cannot be solely blamed on the delay in implementing inclusionary zoning legislation. As previously mentioned, there were decades of disinvestment in the provision of social housing and income support for low-income earners. Nevertheless, if inclusionary zoning legislation had been passed sooner, there would have been a much greater supply of affordable units.

Another barrier that exists in the current housing market in Toronto is a result of a “not-in-my-backyard” (NIMBY) type of attitude. Changes in land use or proposals for new developments are occasionally contentious and can prompt resistance by residents in affluent neighbourhoods. Although legitimate arguments are sometimes made against certain developments (i.e. increased traffic flows or blocking sunlight), other times resistance is focused on the proposed new residents, which is also discriminatory in nature (Novac, 2002). NIMBY reactions to social housing projects have linked the phenomenon to expressions of intolerance and prejudice (ibid.). Essentially, residents of higher-income neighbourhoods tend to have negative preconceived notions of the types of people who live in social housing. A common argument used by these NIMBY residents is that the inclusion of social housing in their neighbourhood will result in lower property values in the area. However, studies have repeatedly demonstrated that social housing projects do not decrease housing values. Recent studies in Chicago and Wisconsin have shown exactly the opposite, and the presence of social and affordable housing in a neighbourhood has a positive impact on property values - even when located in affluent areas

(Hagerman, 2014). This type of attitude also occasionally occurs over the development of purpose-built rental housing. An example of this is a clash over a rental building in midtown Toronto. The original proposal was a 463-unit project in 2015, which was scaled down to 359 in 2016, and once again to 176 in 2017, largely in response to pushback from members of a local South Eglinton residents' association (Spoke, 2018). Still not satisfied, the group are again calling for a reduction in units, citing concern over the buildings height and that this project will set a precedent for similar projects in the area (ibid.).

While current barriers to the housing market in urban centres – particularly Toronto - include high housing prices, a hot real estate market, lack of supply of affordable housing with a great deal of demand for it, exclusionary zoning, and NIMBYism, there is also the problem of gaining access to the affordable housing. The next section seeks to analyze the challenges associated with gaining access to the current stock of affordable housing.

#### **1.4 Access to Affordable Housing**

This section seeks to analyze the process by which Canadians can access affordable and social housing that currently exists. One of the main challenges that limits access to affordable housing are policies that privilege home ownership rather than rental housing. 95 percent of all Canadian households obtain their housing from the private market, while two-thirds of all households own the house they live in, and one-third of renters are on their way to owning a house (Hulchanski, 2006). The Canada Mortgage and Housing Corporation (CMHC) - a federal crown company - provides many guarantees and services, such as mortgage insurance, which allow households to borrow higher ratios of their home purchase at lower costs to those that can afford it (Zon, 2015). Because of these policies, there is a pervasive and institutional bias against rental housing in the North American context (Hulchanski, 2006).

As a response to this issue, there are Rent-Geared-to-Income (RGI) programs which are operated on a non-profit basis and aim to provide housing units at less than 30 percent of household income (Zon, 2015). However, due to the lack of affordable housing stock available, there is an extremely long waitlist to access these dwellings. In 2015, there were over 171,000 Ontario households waiting for affordable housing, with average wait times of almost four years

(Monsebraaten, 2016b). With such long waiting times, the accessibility to affordable housing is not sustainable, and there is desperate need for new rental housing built in urban centres.

There was hope that the Liberal government would respond to this in their long-awaited National Housing Strategy (NHS). Released in late 2017, the plan aims “to reduce homelessness and improve the availability and quality of housing for Canadians in need” (Canada Mortgage and Housing Corporation, 2017a). The plan includes a new \$4-billion housing benefit, or rent supplement, for low-income households (Mathieu, 2017b). This is in addition to \$11.2-billion to be invested in affordable housing announced in early 2017 as part of the National Budget (Young, 2017). Although these are positive initiatives undertaken by the federal government, issues remain with regards to the timeframe of spending. A major critique of the 2017 NHS and the National budget’s affordable housing allocation is that not enough money is being invested quick enough to reduce wait times. A Senior Economist at the Canadian Centre for Policy Alternatives claims that there needs to be around 1-billion a year spent on social and affordable housing, but the budget plans for only about half of that until 2025 (Young, 2017).

So, while the federal government is taking steps to improve the amount of funding allocated to the building of new affordable housing stock and offer rent subsidies, the funding is unlikely to solve the problems outright. Current policies geared toward home ownership, long waitlists for the current affordable units, and the timeframe for implementation of National housing strategies, are only a small step toward giving Canadians housing that is accessible and affordable. Municipalities must do much more to ensure an adequate stock of affordable housing within their own communities. This includes providing housing for people of all income levels in a variety of different neighbourhoods. The next section will explore what all three levels of government are currently doing to increase the supply of affordable housing in communities of all types.

### **1.5 Government Involvement**

Canada is a federated state, meaning that the two senior levels of government have separate but interdependent jurisdictions. The Canadian Constitution assigns responsibility for monetary policy, including supply, interest rates, and control over mortgage lending to the federal

government (Housing Services Corporation, 2014). Provinces, meanwhile, control land use planning, building codes, and housing development (ibid.). Although all three levels of government are involved in housing programs, the constitutional authority is vested in provincial governments. They, in turn, may delegate housing responsibility to regional and city governments.

Before 1970, Canadian housing programs were almost exclusively the responsibility of the federal government. In 1938 the first National Housing Act (NHA) was passed in response to the Great Depression to provide housing and create employment opportunities (The Canadian Encyclopedia). Federal involvement in the housing market continued through WWII with the creation of the Wartime Housing Corporation, which in 1946 transferred its assets to the Central (later renamed Canada) Mortgage and Housing Corporation (ibid.). The Federal-P/T Housing Program was created in 1949 through legislative amendments to the NHA as one of the earliest public housing programs (Canadian Housing Observer, 2011). The federal government, through the CMHC, was responsible for planning and designing public housing programs, while the management and administration was taken on by the provinces. Additionally, rents were geared to income (RGI), and costs and losses were shared by the two top levels of government (ibid.). Although this legislation permitted federal and provincial subsidies for public housing, only 12,000 units were built before 1963 (Hulchanski, 2006). An important point for Canadian housing legislation came in 1954, with the federal government insured mortgage loans by private investors and chartered banks (The Canadian Encyclopedia). The CMHC is still responsible for managing mortgage loans for the Canadian housing market, one that is extremely catered towards home ownership. This was the first step in the federal government reducing its involvement in the housing market, which culminated in a proposed constitutional amendment in 1992 (the Charlottetown Accord). Throughout negotiations, the federal and provincial governments agreed that housing, municipal, and urban affairs had “exclusive provincial jurisdiction” (Hulchanski, 2006). This agreement was eventually rejected by voters, but the desire of the federal government to extricate itself from social housing subsidies continued. In the 1996 federal budget, the administration of federal social-housing programs was transferred to the provinces, ending 50-years of direct federal involvement (ibid.). The end result of this decision was that the federal government would maintain its involvement in the ownership sector

through the CMHC, but would not provide any new money for housing needs. In 2017, the Liberal Government announced a 10-year national housing strategy that aims to fund more social and affordable housing while re-establishing the role of the federal government plays in housing. This policy will be analyzed in greater depth in Chapter 2 of this paper.

The 1996 federal decision handed down responsibility to the provinces, and some provinces handed it down to municipalities (such as Ontario, as previously discussed). Because of lost funding from the federal government, most province's policies and programs represent a withdrawal from helping those most in need of housing. It also left provinces with two choices to finance social housing programs: raise taxes (and inflict the wrath of taxpayers and decrease in popularity for the political party in question) or pass on responsibility to groups that have no political clout at all (such as non-profits). This created even more complex organizational involvement at the provincial and municipal levels of government in terms of providing funding for social and low-income housing. So, while most provinces have been reluctant to engage in social housing spending with the federal budget cuts, there are two exceptions: Québec and British Columbia. Led by left-of-centre political parties, these two provinces maintained significant spending on low-income housing in the decades after the federal government disengaged support. The unique BC and Québec programs developed in the second half of the 1990's created hundreds of units per year. In 1997, the AccèsLogis Québec program was created by the provincial government with the purpose of constructing new social housing and providing low-income residents with access to subsidies (Société d'habitation Québec, 2018). Similarly, the Homes BC Affordable Housing program provided provincial funding for low-income housing, but not at the level that replaced the funding received from the federal government prior to disengagement (Drdla, 2010). Although the supply of social and affordable housing had decreased in Québec and BC post-devolution, their per-capita volumes of affordable housing production were nearly twice as high as the nationwide level (Suttor, 2016). The different approach by these two provinces arose from stronger politics in homelessness and middle-class rental need in BC and ongoing attention to urban issues and social inclusion in Québec (ibid.).



Now presented with a severe affordable-housing crisis, many provinces are taking steps to increase the supply. But there is still a complex governance structure between provinces and municipalities when it comes to the provision of low-income housing. In Ontario, there are three major institutions which have different roles and responsibilities in order to ensure affordable housing: the Province of Ontario, Service Managers, and Municipalities (see Figure XX; Ontario Ministry of Municipal Affairs and Housing, 2011). The Province's role is to establish legislative and policy framework; contribute to funding for affordable housing programs; partner with service managers to ensure financial accountability; and engage the federal government to establish a long-term national housing strategy, including additional sustainable funding for affordable housing. Consolidated Municipal Service Managers (CMSM) are district social service boards that take on a predominately housing role within each county, region, or municipality. Service managers are responsible for delivering and administering social service programs, including social and affordable housing (ibid.). They also engage the local community to determine local housing needs, coordinate and administer housing funding, and monitor and report on progress (ibid.). Some examples in the City of Toronto include Toronto Community Housing, and the city's Affordable Housing Division. In 2000, Bill 128, *Social Housing Reform Act*, enabled the Province of Ontario to transfer ownership and operating responsibility for all Ontario Housing Corporation (OHC) to the CMSMs (Starr and Pacini, 2001). The third institution which has a responsibility in ensuring affordable housing in Ontario is municipalities, within a land use planning role. Municipalities develop and implement official plan policies and zoning to direct development and promote the availability of a full range of housing types to meet a range of housing needs (ibid.). Additionally, municipalities use local housing plans to guide development of municipal planning policies and approaches. As mentioned in Section 1.2, municipalities in Ontario are often forced to delegate a great deal of the responsibility of building social and affordable housing to private- and third-sector organizations.

### **1.6 Waterfront Revitalization: “from ships to chips”**

The process of transforming urban waterfronts has been intimately connected with global economic restructuring, technological change, and competition between cities for international hierarchy (Schubert, 2011). Once primarily used for manufacturing, cargo handling, and other



related industrial activity, port cities saw a decline in their waterfront usage beginning after the industrial revolution and continuing until the mid-twentieth century. Changes in the use of urban waterfronts resulted from four main factors: changes in land transportation modes, the changing economic role of the central city, technological changes in marine transportation and cargo holding, and decreased waterborne passenger travel (Hudsmuth, 1985). As a result, these areas slipped into contaminated, devalued, abandoned, and under-utilized sites – called brownfields. At the same time, the downtown core of many North American cities was becoming blighted and thus became an undesirable place to live. Following the end of WWII, Fordism (the introduction of industrialized and standardized mass production and mass consumption), began to take shape, and with it came the mass production of automobiles. As cars became more accessible, people were able to move out of the downtown core to suburbs. However, since many people still worked in the city, major roads and expressways were required to enable people to commute. During the 1950's, highways were being built as rings around cities. In the case for many cities located on the water, this meant that a portion of the circuit was placed not far from the shoreline. The Gardiner Expressway in Toronto is a famous example of this phenomenon. The result was a complete disconnect from the waterfront and the spatial relationship between many North American ports and cities completely broke down (Schubert, 2012).

Many urban waterfronts remained in a state of decay until the 1970's, when there was a sort of urban revolution and cities began to reclaim their waterfronts. This was led by the first major waterfront revitalization efforts undertaken by the City of Baltimore, which subsequently became the North American model for redevelopment. Baltimore began by converting brownfield sites into entertainment hubs with a series of flagship projects, such as aquariums, amphitheatres, and festival market places (Avni, 2017). The initial stage was controlled heavily by the public sector and was very much established for the benefit of the community at large. The second stage of the Baltimore model (during the 1980's) involved the creation of public-private organizations to lead the development process (ibid.). During this phase, the private-sector gained a more prominent role, which led to more high-profile developments with a mix of uses. With these changes, the interfaces between ports and cities began to show significant new land-use activities and building stock (Schubert, 2011). The popularity of waterfront revitalization stems from the availability of large plots of land located close to downtown centres (Avni, 2017).

The transformation of urban waterfront's land-use distinction from an industrial past to a desirable place to live and spend time can be summed up in the phrase "from ships to chips" (Schubert, 2001). The desire of many cities to enhance their waterfronts can be attributed to the chance to gain prestige and be competitive in a globalizing world. David Harvey refers to this desire in his influential 1989 essay entitled "From Managerialism to Entrepreneurialism." According to Harvey, entrepreneurialism focuses on the political economy of place rather than of territory (Harvey, 1989). By territory, Harvey is referring to the kinds of economic projects (housing, education, etc.) that are designed to improve living and working conditions within a certain jurisdiction (ibid.). Enhancing certain parts of a city, i.e., focusing on the construction of place over territory creates a seemingly beneficial image of the whole metropolitan region (ibid.). This was the case in Baltimore, where the harbour was redeveloped to improve the image of the entire city. Such improvement sites often become high-profile areas that attract expensive condo development, commodified leisure and entertainment spaces, and cultural and technological industries (Boland et al, 2016). However, waterfront revitalization projects often serve as tools for place-marketing and attraction of capital, often at the expense of public inclusion. The Docklands in London and Battery Park in New York City are examples of how neo-liberal, market-driven redevelopment of an urban waterfront is shaped by corporate interests (Avni, 2017). The following section will look at examples of how cities are attempting to provide residential equity within their revitalization projects.

### **1.7 Housing Equity on Urban Waterfront Redevelopments**

As previously mentioned, urban waterfront redevelopments have served as grounds for a wide array of topics, including urban revitalization, urban design, heritage preservation, tourism, environmental conservation, leisure, and culture (Avni, 2017). However, little attention has been paid to the inclusion of social and affordable housing within these redevelopment projects. This section will look at different waterfront redevelopment projects that have included mixed-income housing in their developments and the role of the municipality in question in the process.

According to the Central Waterfront Secondary Plan (CWSP), the City of Toronto and Waterfront Toronto have an overall goal of 25% affordable housing and low-end-of-market housing to be included in the redevelopment of the Central Waterfront (Lower Young Precinct

Plan, 2016). To achieve these targets, the City of Toronto and Waterfront Toronto (the steward of waterfront revitalization created by the federal, provincial, and municipal governments) seek to work alongside private developers and landowners to assure the waterfront is made to be an inclusive, equitable, and diverse place. To date, Waterfront Toronto has completed three projects in the West Donlands, and has one project in progress in East Bayfront. The total number of units included in these four developments equal 576 affordable housing units (Waterfront Toronto, 2017a). However, with around 40,000 residential units estimated to be completed on the waterfront, the current inclusion of affordable housing would only equal out to 1.4 percent of the total units. To date, there has not been any announcement of additional affordable housing units to be built along the waterfront.

In Hamilton, Ontario, there has been more affirmative action on the part of the community to ensure affordable housing units are included in waterfront developments. The West Harbour development project is one such example. Between 2015 and 2016, planners and consultants held public meetings where the community gave a clear message that the city should protect the waterfront from becoming a place only for the “super-rich” (Bennett, 2016). The voices of the residents resulted in city council changing the wording of their motion on the project so that potential developers are required to show how they will include affordable housing, rather than have it as an option (Bennett). This situation is unique, in that the City of Hamilton owns the land where the development is set to occur, so they are able to negotiate from a place of power and ensure that their objectives are met.

A third example of a waterfront revitalization effort that has grappled with housing equity is Washington D.C.'s on the Anacostia River. In 2001, the district received a \$32-million grant from the US Department of Housing and Urban Development (HUD) to redevelop the Southwest neighbourhood near the river with a 1:1 ratio of market and social housing (Avni, 2017). As part of the plan, there was to be 400 subsidized units and 400 market units built. However, while many have touted this project to be a successful example of maintaining housing equity on an urban waterfront, sources tell a different story. At present only 162 units have been built for seniors, but it is unclear when the rest of the assisted units will be completed (Avni, 2017). Furthermore, the original development in the area contained 707 very low-income units which is

set to be replaced by 407 low-income units, and 400 moderate-income units (Avni, 2017). Also, it has been stated that only 340 low-income units will be included on-site at the river location, with the other 77 being located to a former garbage transfer station with a high potential of soil contamination (Avni, 2017).

As can be seen from these three examples, although plans for equitable waterfront redevelopments exist, execution is not guaranteed. A strong community presence in the planning process seems to help maintain these initial goals, but this sort of involvement does not happen in every situation. With the potential for high levels of profit to be made from the development of dense high-rise, market-rate units on the waterfront, there is little desire for developers to include affordable housing, even if it is included in plans. The municipality must take a firm stance on developers including affordable housing to ensure an inclusive neighbourhood is developed.

## **1.8 Summary**

This chapter has illustrated the difficulty that exists to ensure housing equity on urban waterfront revitalization projects. Canadian cities, particularly Toronto, must overcome a slew of challenges as a result of strong neoliberal political ideals that were in place throughout the 1990's and early 2000's. The transfer of the accountability to build affordable rental housing to the private-sector resulted in an inadequate supply of affordable housing stock and increased neighbourhood disparity. Currently, there has been a switch to a post-welfare type of system, but ensuring housing equity in desirable areas remains challenging. Barriers to the housing market include the high cost of property in urban centres, a red hot real estate market, NIMBYism, exclusionary zoning and outdated housing policies, and a lack of affordable housing stock. Furthermore, policies geared toward home ownership, long waitlists for existing affordable housing units, and long timeframes of investment in new social housing stock, add to the problems low-income earners face to access affordable housing.

As can be seen by the selected examples of Washington D.C., Hamilton, and Toronto, although policies do exist to ensure the inclusion of affordable, rental, and social housing units in new developments, implementation is not always guaranteed. The cases have shown that there may

need to be strong political pressure, a firm stance by municipal governments, and community involvement in the planning process if there is any hope of the private-sector building mixed-income residential developments. Although there are some signs that municipalities are taking the right steps to increase the number of affordable housing units along urban waterfronts, it remains to be seen whether these sorts of desirable areas will be anything more than housing for the “super rich”. Therefore, more research must be conducted to see what municipalities like Toronto can do to make certain this is not the case.

## **Chapter 2: Review of Affordable Housing Policies and Programs**

### **2.0 Introduction**

Strong public policy is essential for the sustainable growth of cities. It is a strategic tool that allows governments to guide development in ways that will help achieve a city's unique goals, objectives, and its overall vision. When a municipality has strong public policy, it can ensure healthy intensification that benefits the needs of the public and lead to the creation of innovative programs that improve the social fabric. However, when there is a lack of distinct policy objectives, vague or broad language, or loose enforcement, it becomes difficult to encourage private-sector actors to provide public benefits. One such example of this is affordable housing. As mentioned in Chapter 1, since devolution in the mid-1990s, the public sector is very reliant on the assistance of the private-sector to supply low-to-moderate-income housing. This has led to the creation of several policies and programs that are meant to ensure this happens. But what level of government is responsible for creating strategies to create more equitable communities? The following chapter will explore different policies and programs implemented by the federal government, the Province of Ontario, the City of Toronto, and Toronto's waterfront neighbourhoods which aim to create an assortment of mixed-income housing.

### **2.1 The National Housing Strategy**

In November 2017, the Federal Liberal Government announced Canada's first ever National Housing Strategy (NHS). The policy is intended to give \$40-billion over 10 years to build housing that is "sustainable, accessible, mixed-income, and mixed-use" (National Housing Strategy, 2017). Through the NHS, the federal government is declaring that housing is a fundamental human right, grounded in the principles of inclusion, accountability, participation, and non-discrimination (ibid.). Through the NHS, the federal government hopes to invest funds in provincial and municipal programs, while also partnering with not-for-profit and private developers to achieve better and more affordable housing (see Figure 5).



**Figure 5:** Principles of the National Housing Strategy (National Housing Strategy, 2017)

The policy aims to tackle everything from homelessness, the shortage of new affordable housing units, and average rent subsidies to those in need. Specific goals include (Canada Mortgage and Housing Corporation, 2017a):

- Building 100,000 new affordable housing units
- Repairing 300,000 existing affordable housing units
- Cutting chronic homelessness by 50 percent
- Protecting 385,000 households from losing an affordable home
- Providing 300,000 households with assistance through the Canada Housing Benefit
- Removing 530,000 households from housing need

In addition to these goals, the NHS will aim to make federal lands available for the production of affordable housing. Over 10 years, the government intends to transfer up to \$200-million in federal land to housing providers to encourage the development of low-income housing (National Housing Strategy, 2017). This will also include government funding to revitalize and retrofit current federally-owned buildings and land for use as affordable housing. As mentioned in Chapter 1, the federal government owns a surplus of land along Toronto's urban waterfront (see Figure 3). If this land is properly managed, much of it can be reserved with the intention of building equitable neighbourhoods in currently underutilized and depreciated areas.



Through the NHS, the federal government is hoping to increase its role in the social housing sector, an area that it has been separated from since devolution to the provinces in the 1990's. The funding proposed through the strategy includes: \$15.9-billion for a new National Co-Investment Fund; \$8.6-billion for a new Canada Community Housing Initiative in partnership with the provinces; \$4-billion for a new Canada Housing Benefit (to be launched in 2020) in partnership with the provinces; \$2.2-billion to reduce homelessness; and \$241-million for research, data, and demonstrations to better understand the Canadian housing market (Siddall, 2017). Through the NHS, the federal government is proposing a return back to the 50-50 cost-sharing formula used in the 1970's. This is the primary focus of the Canada Housing Benefit (CHB), a joint public program included in the overall strategy. The venture will see the federal government partner with provinces to develop a \$4-billion housing assistance benefit, the CHB (National Housing Strategy, 2017). Half of the \$4-billion will come from the provinces, while the other half will come from the federal government. Set to launch in 2020, the CHB will provide support to those in housing need, including people living in social housing, those who are on a social housing wait list, and those housed in the private market, but struggling to make ends meet (ibid.).

The aim of the CHB is to deliver an average of \$2,500 per year to upwards of 300,000 households by 2028 (ibid.). What is interesting about the CHB is that instead of using the funds to build public housing, the money would go to supplementing the rents of its intended beneficiaries wherever they choose to live, an approach that has received equal parts praise and criticism. Proponents of the program claim that paying benefits in cash rather than building public housing (which historically has mixed results) is good public policy (Coyne, 2017). The CHB is like the Section 8 Housing Choice Voucher program in the U.S. Administered by local housing authorities across the country, the Section 8 program pays the balance of a rent payment that exceeds 30 percent of an eligible renter's monthly income (US Department of Housing and Urban Development, 2018).

Referring back to the CHB, because most low-income residents live in private rentals, they need better options than waiting lists for social housing. Providing monthly assistance to these residents will help increase housing affordability to many residents. Conversely, the critique on



this program is that not enough money is being provided over too long a time span. The argument is that \$200 in monthly assistance is not enough to make rents affordable for many households (Suttor, 2017b). It can be argued that \$400 per month would likely be enough to make rent affordable for many recipients, but that amount of money is contingent on whether provinces cost-match the federal commitment.

The NHS also poses challenges to Ontario and the GTA in terms of new affordable housing supply. Since devolution, municipalities have coordinated affordable housing supply through a provincial framework and programs which allow them to choose project sponsors, administer funding, enter project agreements, and monitor progress (Suttor, 2017a). The NHS's Co-Investment Fund (CIF) shifts the lead to the federal government and run through the CMHC, which currently lacks local staff to guide housing development on the ground. Therefore municipal housing managers will need to work out new ways to collaborate with the CMHC to ensure production happens smoothly and without delay (ibid.). An additional critique is that the expected production volume of affordable housing stock provided through the CIF is not enough. Nationwide volumes of 6,000 new affordable housing units per year imply about 2,000 for Ontario (ibid.). When social housing production was the domain of the federal government almost 50 years ago, over 6,000 units were built annually in Ontario alone (ibid.). Ontario grows by about 60,000 households annually, with two-thirds of growth occurring in the GTA alone (ibid.). Many of these new residents have low-incomes and cannot afford market rent, so a greater supply is needed (ibid.). The small increase in affordable housing stock provided annually by the CIF will therefore not do much in solving the affordability crisis in the long run. Furthermore, because the policy does not kick in until after the next federal election (2019), the plan is criticized as not being urgent to address the urgency of the crisis (Zimonjic, 2017).

The National Housing Strategy marks a possible turning point in Canada's housing policy. It aims to re-establish federal strategic leadership, sets a foundation to sustain social and affordable housing in the future, and reinforces federal-provincial cost-sharing of housing programs (Suttor, 2017b). Ontario needs an enhanced strategy, built on the NHS, to tackle the province's pressing housing needs (Suttor, 2017a). Although there are critiques in regards to the current makeup of the policy, it still represents a great opportunity for the top level of government to play a larger

role in providing affordable housing. The biggest obstacle may be working out the specifics with proposed partnerships with the provincial and municipal governments. In particular, the Province of Ontario, presents a unique challenge to ensure the NHS is effective in combating the affordability crisis. The remainder of Chapter 2 presents the complex mix of current and proposed policies in Ontario, and subsequently in Toronto, which attempt to make certain affordable housing is included in future development projects.

## **2.2 The *Planning Act*, 1990 & the Provincial Policy Statement, 2005**

As mentioned in Chapter 1, Ontario is the only province in Canada that delegated the responsibility of providing social and affordable housing to municipalities. However, the province still provides structure to how municipalities approach housing through Ontario's *Planning Act*, 1990. This legislation sets out land use planning guidelines in Ontario and describes how land uses may be controls and who controls them. The *Planning Act* considers provincial interests by providing the basis for official plans and planning policies that will guide future development. Through this framework, the province prepares plans, such as the Growth Plan for the Greater Golden Horseshoe or the Ontario Greenbelt Plan. In turn, municipalities make planning decisions and create planning documents that must be consistent with the Provincial Policy Statement (PPS) (explained in detail below) and conform to provincial plans. Section 37 of the *Planning Act* is commonly used by municipalities when they are attempting to gain community benefits from developers. If a developer wants to build something that does not comply with zoning regulations, city planning staff can negotiate to receive anything from public art, cash in lieu, or affordable housing in exchange for a variance. If the cash option is chosen, the funds are then managed by the local councillor to use directly in his/her Ward. The purpose of Section 37 is to offset potential issues that may be caused by changes to a neighbourhood when different kinds of development are added to it (Keenan, 2015). However, the main issue with Section 37 (from the perspective of this report) is that the funds are rarely used to get affordable housing built. More often they are used to construct public art or to update recreational facilities (ibid.). Furthermore, since the funds are used in the Ward where the development is being proposed, there is uneven distribution of public benefits throughout the city.

Through the *Planning Act*, the Minister of Municipal Affairs and Housing may issue policy statements (PPS) on matters relating to land use planning that are of provincial interest (Ministry of Municipal Affairs, 2017). The PPS is meant to promote a policy-led planning system that guides municipalities to make decisions to help achieve strong communities. The most relevant section in the PPS that deals with housing is section 1.4. Section 1.4 states that planning authorities shall provide for an appropriate range of housing types by establishing minimum targets for the provision of affordable housing for low- and moderate-income households (PPS, 2005, ss. 1.4.3a). This section also states that municipalities shall facilitate all forms of housing required to meet the social, health, and well-being of current and future residents (PPS, 2005, 1.4.3b). Meanwhile, sub-section 1.1.3.3 of the PPS also states that planning authorities shall promote opportunities for redevelopment, taking into account existing building stock and brownfield sites whenever possible. This is also in accordance with section 1.4.3.b, that promotes residential intensification and redevelopment. It is worth noting that the language used in the PPS in reference to housing requirements is quite vague. For example, although it says that municipal planning authorities must establish minimum targets for the provision of affordable housing, it does not give a specific amount outlining how much supply should be targeted. The vagueness in the language allows municipalities to use discretion when formulating their own policy guidelines, thus creating inconsistency across regions and cities. The issue is therefore that the Province of Ontario needs to establish a specific floor for the minimum targets of affordable housing units. Furthermore, municipalities often do not specify a requirement for the exact number of units either, or the number that is specified is often too low. In some cases, the specification included is dependent on developers applying for more height or density on their project proposals. For example, the City of Toronto's Official Plan does not include a requirement for the inclusion of affordable housing unless a developer is seeking an increase in height or density. Only then are 20 percent of the *additional* residential units required to be set aside for affordable housing on site. Alternatively, Section 37 can be implemented and the developer can instead convey land to the city for affordable housing, or cash in lieu (City of Toronto Official Plan, 3-25). So, while the Province of Ontario includes policy in the *Planning Act* obliging municipalities to include affordable housing limits in their official plans, the vagueness of the language still allows local governments discretionary usage in the actual

amount of housing required. However, the province is attempting to alter its involvement in the social and affordable housing process. The following section will analyze Ontario's long-awaited inclusionary zoning legislation, which will attempt to expand the province's role in local housing markets.

### **2.3 The *Promoting Affordable Housing Act, 2016* (Bill 7)**

On December 8, 2016, the *Promoting Affordable Housing Act, 2016* (Bill 7) received Royal Assent. Just over one year later, on December 18, 2017, the Province of Ontario released a summary of its proposed regulations on inclusionary zoning. The provisions included in this document would amend the *Planning Act* with the intent of increasing the supply of affordable housing through multiple measures. These provisions would give municipalities the option to implement inclusionary zoning, which would mandate the inclusion of affordable housing units in residential developments and redevelopment projects (Dean, 2017). Inclusionary zoning is a way to ensure affordable housing gets built in a way that promotes socio-economically diverse neighbourhoods (McIntyre, 2016). Typically enacted by municipalities, it requires developers to include a certain portion of below-market units in residential developments of a certain size. In return for setting aside units for affordable housing, developers are granted more favourable density allowances, fast track approvals, fee reductions, or some combination of benefits to help offset their foregone profit (Star Editorial Board, 2018). This type of zoning is common in the United States, where more than 1300 jurisdictions take part in this or similar housing programs (Abello, 2017). A recent study estimates that inclusionary zoning programs have produced 173,707 affordable housing units in the US as of October 2017, 122,320 of which were rental units (ibid.). Housing experts estimate that the City of Toronto could create more than 1,000 affordable housing units per year by adopting inclusionary zoning measures like those in a number of comparable American cities (Star Editorial Board, 2018). However, under the legislation's proposed design, the amount of housing would only be about one-tenth that amount (ibid.).

The province has received some criticism for its reluctance to fully embrace what could have been a powerful policy to create affordable housing. Under the proposed law, there would only be between 5- and 10 percent of units in new development projects required to be below-market

value (ibid.). This is less than half the requirement of most US programs. Moreover, the rules will not apply to new rental buildings, despite the fact that the majority of low-income residents are renters. The proposal states that only new condominiums and houses being built for sale will be included in the legislation, and only in developments of 20 or more units. Another issue is that the proposed regulations would include an affordability period. The proposal states that a unit must remain affordable (as defined in the inclusionary by-law) for at least 20 years, but no more than 30 years (Dean, 2017). In New York, by comparison, rental and sale affordable housing units must remain so permanently, thus ensuring the long-term affordability of housing (NYC Planning, 2016). A fourth criticism is that the implementation of inclusionary zoning would be voluntary to municipalities. It was anticipated that the regulations would identify certain municipalities that would be required to adopt inclusionary zoning policies. But this no longer seems to be the case. Although certain municipalities that are hit hardest by lack of affordability housing, i.e. the municipalities of the GTA, are expected to adopt this policy into their official plans, there are sure to be a number of municipalities that likely will opt out. The main reason has to do with the most challenged aspect of the proposed legislation, public-private cost sharing. Under the current proposal, municipalities that adopt inclusionary zoning will have to cover 40 percent of the difference between the market price of the unit and the price of affordability designated in each city's policy documents (Reevely, 2017). The developer would be obligated to cover the remainder. Alternatively, a municipality's financial contribution could be satisfied through one or more of the following four ways: by waiving or reducing fees associated with development proposals (planning application fees, zoning/by-law amendments, site plan control applications, etc.); through a reduction in parking requirements; through an exemption from all or part of the parkland cash in lieu requirement; or through an exemption from all or part of development charges (Dean, 2017). Contrary to Section 37, a municipality's financial contribution would not be satisfied by permitting an increase in height or density.

The general purpose of inclusionary zoning is to force developers who are profiting from extraordinary real estate growth to help cities ensure that the most vulnerable residents are not being left behind. By requiring local governments to pay large sums of money to obtain affordable housing in new developments (or by sacrificing much-needed revenue obtained from the aforementioned four alternate ways), may do little to advance that aim. Moreover, having

low requirements (5- to 10 percent) for the proportion of affordable housing units, excluding rental buildings, applying an affordability period, and having the zoning be open to voluntary enactment all present challenges to implementing this policy successfully. Ontario has a chance to increase its role in creating more affordable housing stock throughout municipalities in the province. However, the shortcomings in the proposed inclusionary zoning policy may negatively impact its ability to do so. If there is to be clear, consistent change in the way affordable housing is built, amendments to this legislation should be made. The following section will explore another policy initiative being undertaken by Ontario to provide housing assistance in a housing market that desperately needs relief.

#### **2.4 Ontario's Investment in Affordable Housing Program (2014 Extension)**

Another program that exists in the Province of Ontario to address the affordable housing crisis is the Investment in Affordable Housing Program (IAH). Originally started in 2011 as a 3-year pilot program, it was extended in 2014 for an additional 5 years (Investment in Affordable Housing Program, 2014). The program is a joint venture between the province and the federal government to provide funding for the construction and renovation of new affordable housing units, offer home ownership assistance, supply rent supplements, and provide shelter allowances (ibid.). Within this program, Ontario has an agreement to match any funding provided by the federal government. As of 2015-16, the provincial and federal governments supplied \$1.6-billion in public funds to invest in social housing programs across the province (ibid.). Furthermore, as of September 2017, 29,029 households in Ontario are no longer in housing need as a result of the IAH (Canada Mortgage and Housing Corporation, 2017c). But there are concerns over the scale of this program when looking at the supply of affordable housing on a city-by-city basis. In Toronto, between 2011 and 2014, the fund helped build 285 new rental units in four buildings, provided down-payment assistance to 200 low-income home buyers, provided housing allowances for 3,600 households, and initiated renovations to 1,200 privately owned units (Monsebraaten, 2013). With the current affordability crisis at its worst in Toronto, the amount of money provided through the IAH should be used more strategically to create a much higher number of affordable housing units.

It is also worth noting that in comparison to the more liberal and socially active provinces mentioned earlier in this report, Quebec and British Columbia, Ontario is lagging behind in regards to how efficiently it is using IAH funding. Through their own IAH programs, Quebec and BC have claimed less federal money for affordable housing and have managed to increase the number of households no longer in need (see Table 2). Quebec in particular seems to be using government funds much more effectively than Ontario to provide affordable housing. As of September 2017, Quebec had received \$365-million in federal funding, over \$100-million less than Ontario was allocated, and managed to remove 212,027 households from housing need (ibid.). The reason why there is such an extreme difference between Ontario and Quebec is due to how the funding from the program is allocated. In Ontario, the money is given to Service Managers, who select which program components to participate in. Meanwhile, in Quebec, the funding is split between seven programs dedicated to improving housing options in the province (such as AccessLogis Quebec and Allocation-lodgement) (Societe d'habitation Quebec, 2017). Spreading out the financial assistance to several programs with different interests in mind can help provide housing to a more diverse population. The Government of Quebec designs and chooses the programs that it wants to deliver, and it also has the flexibility needed to implement a range of affordable housing programs to meet the needs of its population (Paradis, 2017). This flexibility, in conjunction with the lower cost of living in Quebec, likely contributes to the fact that IAH funding has helped more people in Quebec find affordable housing than in other provinces.



Total 2011 – 2019 IAH Funding — as at September 30, 2017			
Province or Territory	Total Federal Allocation (\$M)	Households <sup>1</sup>	CMHC Funding Claimed (\$M)
Newfoundland and Labrador	\$54.480	12,015	\$47.670
Prince Edward Island	\$11.840	4,631	\$9.910
Nova Scotia	\$81.640	16,903	\$66.478
New Brunswick	\$62.400	10,063	\$47.050
Quebec	\$461.480	212,027	\$365.298
Ontario	\$641.040	29,029	\$488.573
Manitoba	\$82.800	5,344	\$62.100
Saskatchewan	\$73.520	2,582	\$56.349
Alberta	\$161.520	2,433	\$121.140
British Columbia	\$240.160	34,322	\$201.058
Northwest Territories	\$14.720	864	\$12.113
Yukon Territory	\$12.600	542	\$9.440
Nunavut	\$11.720	148	\$10.255
<b>National Total</b>	<b>\$1,909.920</b>	<b>330,903</b>	<b>\$1,497.434</b>

<sup>1</sup> The number of households is equal to the number of units identified in P/T claims to CMHC

**Table 2:** IAH Funding by Province/Territory (CMHC, 2017)

So while the Investment in Affordable Housing program is another example of how federal and provincial governments can work together to help provide people with more affordable housing options, the scale of the program in Ontario is incredibly modest. When taking into account the amount of money being provided by the provincial and federal governments, there should be a greater supply of new rental and affordable housing being built as a result. Furthermore, the funding from the IAH program should be used in municipalities that require the most assistance, to be used in conjunction to the policies and programs being undertaken at the municipal and regional level. The following section will explore some of the policies that are included in Toronto's official plan and analyze what improvements need to be made to ease affordability issues in the city.

## 2.5 City of Toronto Official Plan

The City of Toronto's Official Plan outlines a comprehensive vision for growth and development through to 2031 (Novakovic, 2015). It acts as a thorough planning framework of policies and regulations that govern land use policy and the evolution of the urban realm. Although it was first adopted in 2002, the current Official Plan was not approved by the Ontario Municipal Board

(OMB) until 2006 (ibid.). It also happens to be the City's first post-amalgamation plan, some eight years after amalgamation. The plan sets out land use requirements for new development, and broadly outlines planning policy goals relating to housing, infrastructure, economic development, and environmental stewardship (ibid.). As a statutory document for guiding growth and change in the City, the Plan gives direction to Council's day-to-day decision making.

Policies related to affordable housing are included under Section 3.2.1 of the Plan, where it is stated that "access to adequate and affordable housing is a basic requirement for everyone" (Toronto Official Plan, 2006, p. 3-21). The Official Plan goes on to state that specific policies are needed to ensure certain types of housing are included that are not specifically supplied by the market in order to meet demand and maintain a diversity of housing (ibid.). This line is particularly puzzling when considering the fact that Canada's housing system is based on letting the market dictate development, and has been for the past 30 years. This market reliance includes relying on the private-sector to build rental and below-market units for low-income residents. The results of this sort of strategy are more or less ineffective, as can be seen with the massive affordability crisis in some of Canada's major cities. And one of the tools Ontario municipalities have at their disposal to try and push the private-sector into building more affordable housing, Section 37 of the *Planning Act*, has also not been effective enough to help the market meet the high demand for affordable housing.

The City of Toronto's Official Plan identifies four areas of concern that need to be addressed in order to respond to the city's affordable housing needs: stimulating production of new private-sector housing supply through tax reform and municipal incentives; preserving the city's current supply of affordable housing stock by treating it like heritage buildings; making efficient and effective use of the city's housing resources (though it does not specify how); and working in partnership with public, private, and not-for-profit organizations to take advantage of emerging opportunities to increase the city's affordable housing stock (ibid.). The policies listed in the Plan to achieve these goals are, as previously mentioned, quite broad. Relevant policies (summarized) are as follows:

- a full range of housing throughout the city where livable neighbourhoods will be provided and maintained to meet the current and future needs of residents

- new housing supply is to be encouraged through intensification and infill consistent with the Plan
- investment in affordable housing will be encouraged by a coordinated effort from all levels of government through policies on taxation and incentives
- assistance will be provided to encourage the production of affordable housing where municipal assistance includes: loans and grants, land at or below market value, fees and property tax exemptions, and rent supplements
- new development that would result in the loss of 6 or more rental housing units will not be approved unless: all rental housing units have rents exceeding mid-range rents, the units will be replaced, or in Council's opinion the supply of rental units has returned to a healthy state
- on large sites more than 5 hectares in size (large sites are said to provide an opportunity for a mix of housing) a minimum of 30 percent of units must be in forms other than single-detached or semi-detached houses; if the development proposal is seeking an increase in height or density, 20 percent of units must be reserved for affordable housing (as per Section 37). The affordable housing units will be included on-site, from land given to the city for affordable housing near the site, land given elsewhere in the city, or cash in lieu

Although these policies are meant to hold developers accountable for supplying affordable rental housing units within new large development projects, the language is vague, and the process contains loop-holes that can result in little to none actually being provided. As the Official Plan must conform to the policies listed in the *Planning Act*, the problem of vague language stems from higher legislation. One example of such vague language can be seen in Section 3.2.1 of the Official Plan. The Plan states that one objective is to stimulate production of new private-sector rental housing through public intervention (ibid.). However, there is no specific way in which to do so. If the Plan set out a minimum proportion or number of affordable rental units that must be included in private-sector developments, then the City would be able to create detailed policies which would hold developers accountable.

Furthermore, the definition of “affordable” is defined in the Plan as “monthly rent at or below the average Toronto rent” (ibid.). This also has a negative impact on the supply of housing for low- to moderate-income residents. When the average rent for a one-bedroom dwelling in central Toronto is \$1,336 and a two-bedroom unit is \$1,932, then building rental units at the average rate is still not affordable to most residents (Pagliaro & Mathieu, 2017). The federal and provincial governments, meanwhile, set the standard for affordable rent at 80 percent of the market rate

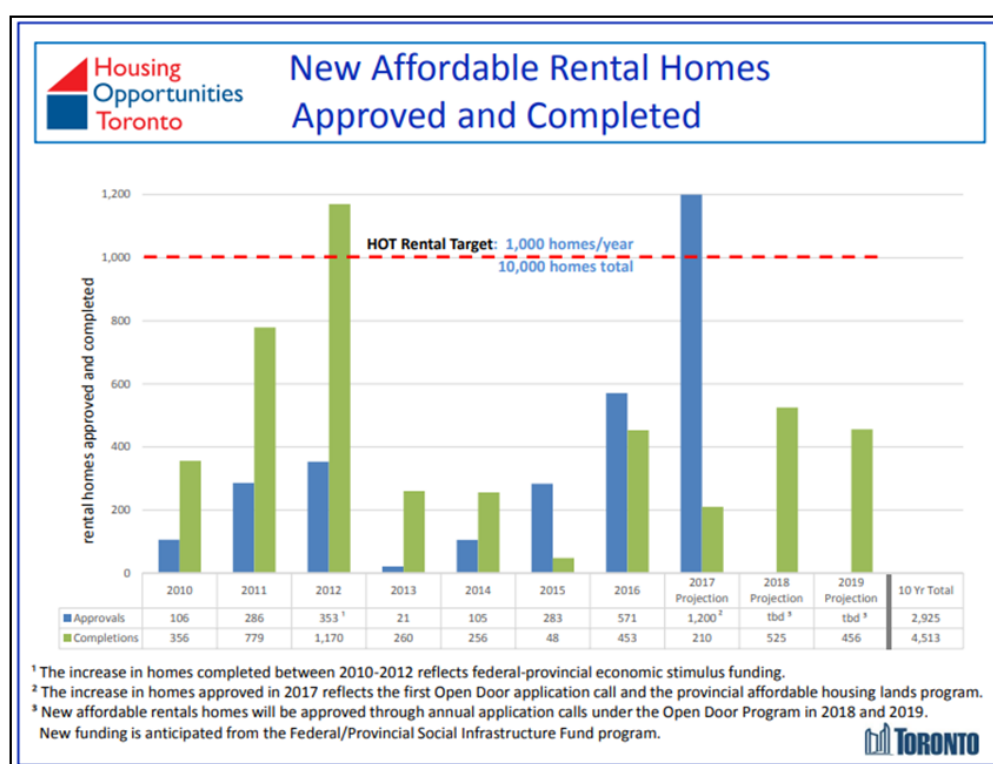
(ibid.). These rates are all near impossible for low-income earners and people on social assistance to spend on rent. But under the current definition, this is what developers are aiming to build and is subsequently leaving out a large portion of the population who cannot even afford “affordable” housing in the city. Therefore, there needs to be a review of the current definition of affordable housing under the Official Plan, so that it can be altered to help a wider, more vulnerable population.

Section 5.3.2 states that the purpose of the Plan is to provide principles that are durable, but detailed action-oriented plans, programs, and strategies need to be created to implement the goals that the City of Toronto wants to achieve. With reference to affordable housing, there is one program in particular that was created with the mandate to provide housing options for residents in need of support. This program, known as the Open Door Program, is meant to complement the non-profit and private-sector initiatives to create more affordable options for housing in Toronto. Section 2.6 will look at this program and analyze the effect it has had since its inception, but first it is worth examining the factors that led to its design and implementation.

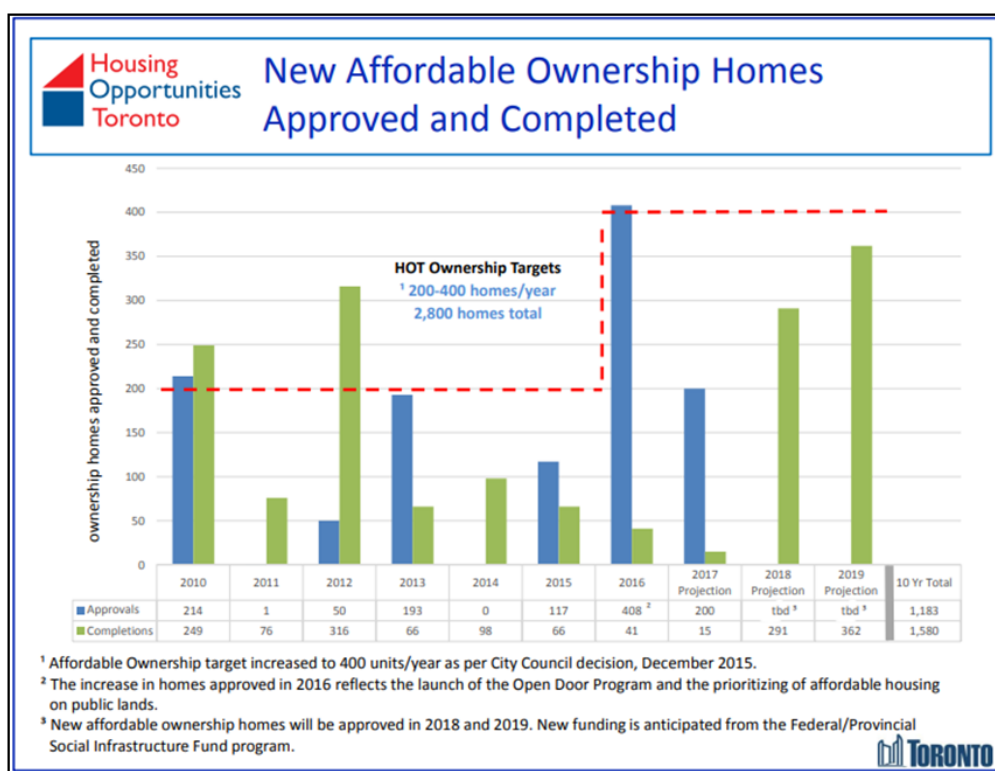
## **2.6 Housing Opportunities Toronto: Affordable Housing Action Plan 2010-2020**

Toronto City Council adopted Housing Opportunities Toronto (HOT) as an affordable housing action plan in 2009 (Housing Opportunities Toronto, 2016). HOT addresses the City's affordable housing priorities, which include moving vulnerable residents into stable homes, building affordable rental units, and making home ownership more affordable (ibid.). HOT is meant to be used as a road map to guide the City's housing investments as well as public- and private-sector activities. HOT contains 67 recommended actions to be undertaken by the City of Toronto and the federal and provincial governments, divided into 8 categories. The categories include: revitalizing neighbourhoods, preserving and repairing rental housing, creating new affordable rental housing, and assisting families and individuals afford rents (ibid.). The original aim of the plan was to have an investment of \$484-million annually from all three levels of government to help ensure 1,000 affordable housing rental units are built per year, for a total of 10,000 new units by 2020 (ibid.). The HOT Plan also set a target to build 200-400 affordable ownership homes, and included 1,500 essential repairs and modifications on existing affordable rental housing annually. HOT published a 2017 mid-year report on the progress made toward reaching

those goals, but unfortunately it fell well short of the targets. Other than 2012, when both affordable rentals and affordable ownership homes exceeded the desired completion (1,170 and 316 units built, respectively), every year since the plan's inception in 2010 has resulted in lower construction of units than the original target (see Chart 2 & Chart 3). The year 2015 was the low point in terms of meeting affordable housing targets, as the City added just 48 affordable rental and 66 affordable ownership homes (see Chart 2 & Chart 3).



**Chart 2:** New Affordable Rental Homes Approved/Completed in Toronto (Housing Opportunities Toronto 2017)



**Chart 3:** New Affordable Owner Homes Approved/Completed in Toronto (Housing Opportunities Toronto, 2017)

As a result of an insufficient stock of affordable units being built throughout the first five years of the HOT Plan, the City of Toronto announced the Open Door initiative to attempt to increase the supply. The Open Door Program (ODP) was announced in 2015 to assist the HOT Action Plan 2010-2020 meet its affordable housing targets. The program was subsequently implemented in 2017, after an implementation plan was successfully approved by city council (Housing Opportunities Toronto Progress Report, 2016). As previously mentioned, the ODP was formed in response to the low number of affordable housing being built prior to 2016. The idea is that the program will help accelerate the construction of affordable housing by providing municipal financial contributions, including capital funding and fees, providing property tax relief, fast-tracking planning approvals, and activating surplus public land. Through all of these interventions, the program could provide tax relief of up to \$40,000 per unit (Pagliaro & Mathieu, 2017). In exchange, the City of Toronto secures a portion of units at or below average market rent. Those rents are controlled for at least 25 years, so if a tenant moves out, the price of rent cannot be increased (ibid.). The City issues an annual call for affordable rental housing applications to ensure a competitive process for providing program benefits (Open Door

Program, 2017a). For affordable ownership homes, the Affordable Housing Office issues periodic calls when public funding becomes available or publicly owned land is available for site-specific RFP's (ibid.).

An early example of the program's success is the Madison View project, located in the Casa Loma area. After a request for proposal was put out by the City, the property was sold to the developer at \$2 in exchange for 82 affordable rental units at 77 percent of the average market rent for 50 years (Pagliaro & Mathieu, 2017). Referring back to Chart 2 and Chart 3, there was an enormous increase in affordable ownership and rental homes that were approved in 2016-2017 which reflect the ODP's launch and initial application call. While the City is indeed using the program as an effective tool to approve applications to build more affordable housing units, there are still some issues that arise. The City includes all of the units that they expect will be built within their target of 1000 units annually. However, since this stock is not yet built and, in some cases, not even fully approved, this inclusion is a bit premature (ibid.). The City also is basing the ability of the Open Door Program to improve the supply of affordable rental and ownership homes on funding it anticipates it will receive from the provincial and federal government, which is not always guaranteed. Nevertheless, responsibility should not just be on the City of Toronto's shoulders to ensure the viability and resources needed to make this sort of program work. The provincial and federal governments need to assist by providing funding that will help to increase affordable housing stock.

The Open Door Program is an example of just one of many programs that exist in the City of Toronto to partner with private and non-profit-sector actors to build affordable rental and ownership units. When it comes to Toronto's waterfront, the ODP will be imperative to help make accessible some of the vast publicly owned land available in order to drive private-sector developers to include more affordable housing units than are currently being provided. Given that there is a fair amount of publicly-owned land available for development at the waterfront, some may question whether it would be cheaper or more efficient to give land and funding to the Toronto Community Housing Corporation to build affordable units by itself. Although it is too early in the ODP's existence to argue that it is more efficient than funding the TCHC outright, it is very possible that the latter could be a better strategy. However, recent data shows that the



TCHC is having trouble procuring funding for repairs to the buildings it currently owns and operates. The TCHC owns 2,154 buildings with an average age of 42 years (Toronto Community Housing Corporation, 2017). With an aging housing stock, there is a need for repairs to keep 58,500 homes from reaching a state of critical disrepair (ibid.). However, there is currently a \$1.78-billion funding shortfall which has led to the TCHC asking the federal and provincial governments for more money to put toward these repairs. Therefore, it can be argued that the TCHC may not have the resources to build a large portion of affordable housing units at this moment in time. Having the ODP allows other non-profit housing developers and private-sector developers the opportunity to obtain funding and quick approvals to build affordable housing units, possibly quicker than the TCHC would on its own.

In addition to City policies and programs, waterfront neighbourhoods often have policies of their own in place to ensure that their communities are inclusive to mixed income residents. The following section will explore these policies throughout four precinct plans along the urban waterfront.

## **2.7 Waterfront Neighbourhood's Precinct Plans**

There are several precinct plans at the neighbourhood level along Toronto's urban waterfront which are meant to guide the transformation of these neighbourhoods. Precinct planning is an important step for a city to achieve its vision for a revitalized waterfront. Precinct plans were first initiated with City Council adopting the Central Waterfront Secondary Plan (CWSP), a planning process whereby each waterfront neighbourhood could articulate policies for specific areas (see Figure 6) (East Bayfront Precinct Plan, 2005).

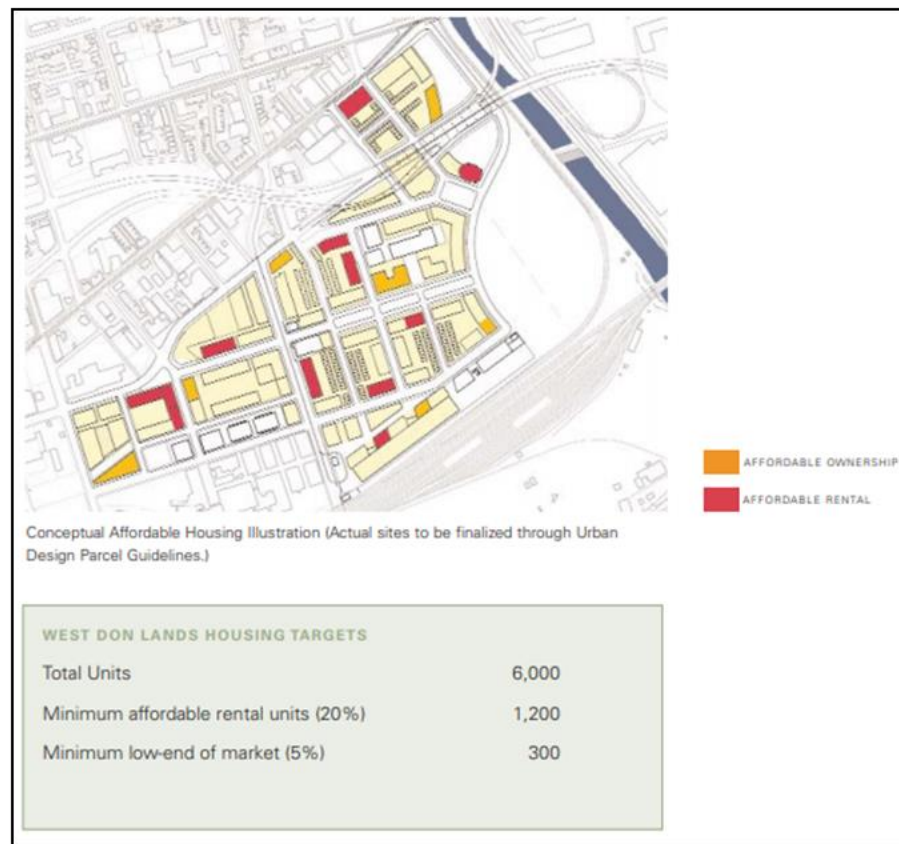


**Figure 6:** Public Realm Plan for Toronto's Waterfront (Central Waterfront Part II Plan, 2005)

The waterfront precinct plans are intended to outline development principles and guidelines at a level of detail not possible within the broader Secondary Plan (*ibid.*). The CWSP, also known as “Making Waves” has four core principles that aim to define the waterfront and related policies meant to bring the vision to life. The principles include: “removing barriers and making connections; building a network of spectacular waterfront parks and public spaces, promoting a clean and green environment, and creating dynamic and diverse new communities” (Central Waterfront Secondary Plan, 2003). However, the policies included in the plan are quite broad, and so it leaves the onus on each precinct to get into greater detail. Planning for affordable housing falls under the fourth principle of the plan, creating dynamic and diverse communities. The first policy for housing consists of including a mix of housing types, densities, and tenures that will accommodate a range of household sizes, compositions, ages, and incomes. The second policy outlines an ambitious goal of affordable rental housing and low-end-of-market housing comprising 25 percent of all housing units. It would also require at least one quarter of the units be in the form of two-bedroom or more, thus ensuring families are included. However, this policy is subject to funding and development cross-subsidization, and actually was not approved for some areas along the waterfront, including the West Don Lands.

Keeping with the West Don Lands, in 2006, the Toronto Waterfront Revitalization Corporation (TWRC) partnered with Toronto City Council to create a Block Plan and Design Guidelines to refine the overall vision in accordance with the West Don Lands Precinct Plan which was passed

in 2005 (West Donlands Block Plan and Design Guidelines, 2006). The purpose of the Block plan is also to bridge the gap between the master planning ideas envisioned in the public process into the eventual built product, and to provide guidelines for implementation of development without compromising the overall intent of the Precinct Plan itself (ibid.). The document sets out specific guidelines for affordable rental housing in the West Donlands, which include: providing a variety of housing types for a diverse population, specifies that affordable rental housing should not be concentrated in one area of the neighbourhood, and that affordable housing should be accessible to parks and open space, play spaces, public transit nodes and stops, and neighbourhood-serving uses and retail (ibid.). Additionally, the Block Plan states the intention to ensure 20 percent of all units being developed are affordable rental housing (ibid.). The TWRC aims to do this by working with the City, not-for-profit organizations such as Toronto Community Housing, and private-sector developers. The overall goal set out by Waterfront Toronto and City Council is to develop 6,000 new residential units in the West Donlands, with 1,200 being affordable rental units, and a further 300 (5 percent) set aside for minimum low-end of market units (see Figure 7) (West Donlands Precinct Plan, 2006). 12 years into the redevelopment plan, three affordable housing rental projects have been completed in the West Donlands, providing 496 units (Waterfront Toronto Affordable Housing, 2018).

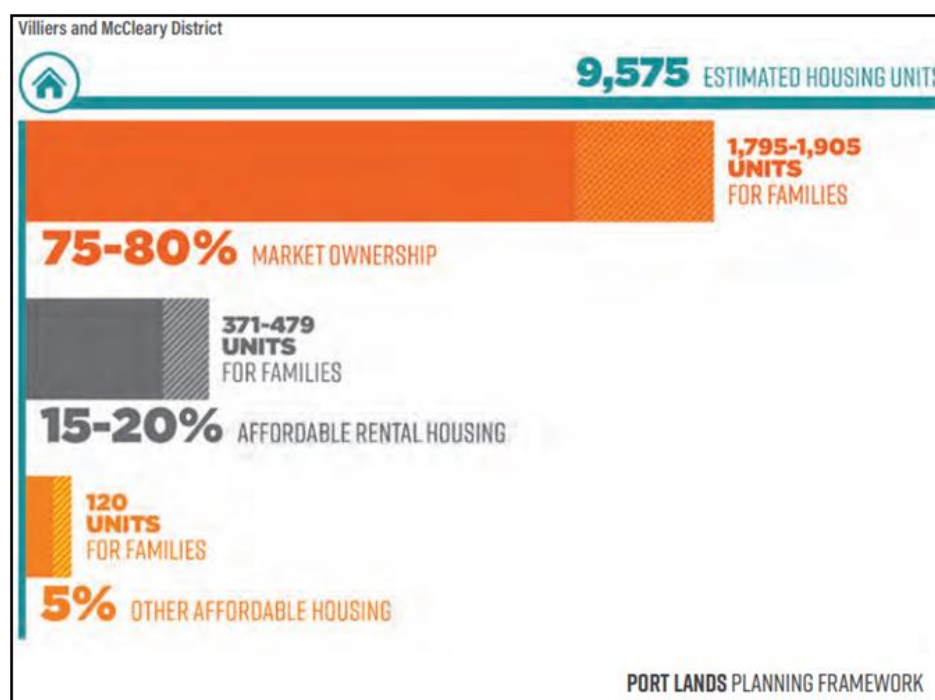


**Figure 7:** Affordable Housing Targets in West Don Lands (West Don Lands Precinct Plan, 2006)

The East Bayfront Precinct Plan is similar to the West Donlands, as the two were both initial plans undertaken by the TWRC. It is a collaborative effort done in conjunction with the City of Toronto, its agencies, and with extensive public and stakeholder consultations (ibid.). The vision for East Bayfront is for it to become a vibrant, mixed-use community supported by high-density, diverse building typologies (ibid.). The key goal of the Plan is to push sustainability principles, meaning development must ensure a socially diverse, economically active, and environmentally sound community. Like the West Donlands Precinct Plan, it also has an overall objective to provide a wide range of housing options. This includes attracting families through encouraging the development of larger housing units, housing for downtown workers, senior housing and long-term care facilities, affordable rental and ownership housing, and providing a mix of housing throughout the entirety of the neighbourhood (ibid.). The East Bayfront Plan also includes a 20 percent affordable housing target as well as a 5 percent set aside for low-end of market housing (ibid.). Delivery of affordable units will be done by making public lands available at no cost to non-profit and private-sector developers intending to build affordable

housing, through contributions from private developers and landowners, securing funds from the province, and through funds from a Waterfront Housing Trust. The total housing target for the neighbourhood is 6,300 units, which equals 1,260 affordable rental and 315 low-end of market housing respectively (ibid.). To date, just one affordable housing project is currently in development, and will provide 80 units (Waterfront Toronto, 2018b).

A much more recent Precinct Plan is that of the Port Lands, which was completed in 2017. The Port Lands Planning Framework is a long and detailed document meant to guide the development of “one of the most significant urban renewal opportunities in Toronto” (Port Lands Planning Framework, 2017). As discussed in Chapter 1, the Port Lands is a large site (325 hectares), within close proximity to downtown, and vast undervalued space. This offers a chance to create a progressive and equitable waterfront neighbourhood from scratch. The Plan seeks to create a number of inclusive communities in portions of the Port Lands, accommodating a diverse population with a range of household incomes and sizes in close proximity to the downtown and eastern neighbourhoods of Toronto (ibid.). Section 4.5.1 acknowledges Toronto’s ongoing affordability crisis, and state that the new communities envisioned in the Port Lands provide the opportunity to provide a significant amount of new affordable, mixed income, and family housing (ibid.). The Plan specifies Villiers Island and the McCleary District as having the potential to support 16,000 to 21,000 people in 4,800 and 4,700 mid- to high-rise units in each respective area (ibid.). Similar to the other two aforementioned precinct plans, there is a goal for the provision of 20 percent affordable rental housing units in the Port Lands future development (see Chart 4) (ibid.). Depending on different delivery models, between 1,480 to 1,915 affordable rental housing units are estimated, with the potential for more if Polson Quay and South River transition over time to mixed-use communities (ibid.).



**Chart 4:** Villiers Island and McCleary District Affordable Housing Targets  
(Port Lands Planning Framework, 2017)

The Port Lands Precinct Plan also acknowledges the difficulties faced in past waterfront development plans in their delivery of affordable rental units. Flexibility given to private developers in other waterfront precinct plans allowed for them to choose the delivery model with a lack of specificity for securing the affordable rental unit requirement (ibid.). These models were not equal, nor were they effective at ensuring the provision of a wide range of housing at the waterfront. Therefore, the Plan ensures that key directions are integrated into the plan at the outset with an appropriate amount of detail included within policies (ibid.). Four principles are set out to guide the provision of affordable housing in the Port Lands: deliver affordable rental units at the pace of market development, create permanent and long-term affordable rental units, utilize a variety of delivery options, and provide transparency for requirements and flexibility of the use of different delivery methods (ibid.). Delivery of affordable rental housing on publicly owned lands will attempt to be consistent with the 20 percent of total residential floor area outlined in the CWSP, whereas privately owned land offers a number of options (ibid.). These options include: physically construct the housing and provide it to the City at no cost; physically construct the housing and retain ownership; or dedicate land at a suitable size and configuration to the City (ibid.). Each of these options has different benefits. Some would reduce the public



obligation for funding and construction of the housing, while others would allow for a longer term of affordability of units. Furthermore, the exact ratio of affordable to market housing will vary depending on the delivery method. The first option of building the housing and providing it to the City would result in 5 percent affordable rental housing units (ibid). The second option of constructing the housing and retaining ownership would provide no less than 10 percent affordable rental units over a period of 25 years (ibid.). The third option of land provided to the City would result in 20 percent of the total gross floor area given (ibid). There will also be a policy requiring a Housing Issues Report and drawings for affordable rental housing for any development application or lifting of a holding provision (ibid).

Although it is too early to analyze the success of the planning objectives for affordable rental housing in the Port Lands, there is hope that detailed policies included in the Precinct Plan will have a positive effect on the inclusion of mixed-income housing. The West Don Lands and East Bayfront Precinct Plan's each set out respectable targets of 20 percent affordable rental units, but as of this date in time each neighbourhood is well off their stated goals. Furthermore, the Waterfront Secondary Plan lists a 25 percent dedicated to affordable rental housing along all waterfront areas, but it is clear from this analysis that this number is only recommended, not required. The following section will summarize the policies and programs explored in Chapter 2.

## **2.8 Summary**

Chapter 2 has illustrated the complexities that exist with the policies and programs that attempt to encourage the building of affordable rental housing in the City of Toronto. The challenges began with the devolution of the construction of social and affordable housing by the federal government in the early-mid 90's. These issues were then exacerbated in Ontario by the province handing responsibility over to municipalities. A lack of funding available for the provision of affordable housing led to city governments relying on public-private partnerships to encourage the building of affordable housing units. However, private developers were less than eager to build below-market housing in hot real estate markets such as Toronto, and the affordability crisis grew. Since then, the federal government has attempted to become more involved through its National Housing Strategy, the first of its kind.



Meanwhile, the Ontario Planning Act is an important tool that helps municipalities secure some of the affordable housing stock it does have. This is often accomplished through Section 37, a clause which requires that private-sector developers include at least 20 percent affordable housing within the units gained through additional height or density on their development project. But this too has proved to be difficult, with developers often choosing to give cash in lieu of affordable housing units, which then only benefits the ward in which the development is occurring. The Promoting Affordable Housing Act is attempting to mitigate this problem through inclusionary zoning, a tool that is commonly used in American and European municipalities. With municipalities able to amend zoning to ensure private-sector developers include affordable rental housing in large developments, the hope is that inclusionary zoning will result in a significant improvement in the supply of low-to-moderate-income housing. Unfortunately, with the legislation's current makeup, there would still be difficulties to ensure mixed-income housing is built. The province of Ontario, in partnership with the federal government, is also attempting to play a greater role in adding to the supply of affordable rental housing through the Investment in Affordable Housing program. This program pools funds from the federal and provincial governments to put into affordable housing programs in Canadian municipalities. The problem, however, is that the affordable housing aims are quite modest, which results in a limited supply of housing being built throughout Ontarian municipalities.

The City of Toronto also has certain policies and programs at its disposal to promote the construction of affordable housing. The first is the City's Official Plan, which includes policies that private-sector developers are encouraged to follow when initiating a project in the city. The large sites policy is the most effective one used to promote the building of affordable housing, but there are similar issues to section 37 of the Planning Act, in that developers can easily get around supplying the amount of housing required. There is also an issue with how the City of Toronto Act defines affordable housing, which still excludes many residents who are most in need of housing. Housing Opportunities Toronto: An Affordable Housing Action Plan was adopted as a way of attempting to offset the failure of the private-sector to build affordable units. The HOT Plan set a modest goal of 1000 affordable rental units built per year in the city, but for the first 7 years of its existence hit that target only once. The Open Door Program was created in response to the City's inability to supply a sufficient amount of affordable housing. The program

was implemented as a way to speed up the development application process and offer many other financial incentives to private-sector developers to build more mixed-income units. The program is still too new to properly judge, but early results are hopeful, as long as all three levels of government provide an adequate amount of funding.

Finally, at Toronto's waterfront neighbourhood level, there are several plans that have been implemented by the Toronto Waterfront Revitalization Corporation and Toronto City Council to guide the development of the area. This began with the Central Waterfront Secondary Plan ('Making Waves') which set an ambitious goal of 25 percent of all units along the waterfront to be set aside for affordable rental housing. This led to other, more detailed precinct plans in waterfront neighbourhoods such as West Don Lands, East Bayfront, and the Port Lands. The former two lowered the required amount of affordable rental units to 20 percent, but have ultimately failed to meet even half of this goal over 10 years into the revitalization process. The Port Lands Precinct Plan was meticulously designed and hopes to avoid the mistakes made in the other precinct plans by providing strict, detailed policies regarding affordable rental and ownership homes in the neighbourhood. Only time will tell if the Port Land's target is met with more success at ensuring mixed-income housing in waterfront neighbourhoods in Toronto than older, more loose precinct plans.

This chapter has ultimately shown that, although there is a plethora of policies, programs, and legislation in place to increase the supply of affordable housing in Toronto, they are currently not doing enough to address the affordability crisis in the city. This is especially the case in desirable downtown neighbourhoods such as the waterfront, where there is risk of increasing the polarization in the city. The following chapter will look at three different cities and their approach to supplying affordable housing in waterfront neighbourhoods.

## Chapter 3: Case Studies

### 3.0 Introduction

When it comes to the provision of social benefits, every city goes about it in its own way. Differences in political views or governing style can lead to different policies being enacted that may give preference to different social services. Other factors that may impact how a city provides social benefits can include the jurisdictional role of government in to make decisions, the legal system in place, ability to access to revenue or tax streams, and the variable needs and/or wants of the public. But the fact of the matter is that cities can be inspirational entities for other cities to do better if they themselves are thriving. This may be the case when it comes to providing social or affordable housing to the public, even though many national governments develop a housing system to ensure that an adequate supply of housing is built and allocated (Hulchanski, 2006). Government then plays the central role in creating, sustaining, or changing the system through public policy and land use regulations. In Canada, in 2006, only 5 percent of people lived in non-market housing, the smallest social housing sector of any Western nation except for the United States of America (ibid.). In fact, Canada was the only country in the G20 that did not have a national housing strategy until the Liberal government announced one in late 2017 (Gray, 2017).

As mentioned earlier in this report, Canadian cities rely extensively on the private-sector to finance and build housing and attempt to guide this development through policies and zoning regulations. This report has also shown that this type of market-based housing system does not work well for the inclusion of affordable housing and has led to a number of cities facing a serious affordability crisis. In an attempt to find solutions to the issue of housing, municipal governments in Canada often look to other cities for ground-breaking policies and practices that can be used to help add to their affordable housing stock. Chapter 3 attempts to do just that. In the context of Toronto's struggle to supply an adequate number of affordable rental units for its residents, this chapter will look at three specific cities that have (or are proposing) innovative housing policies and procedures in place to add to their social housing stock. The three cities that have been chosen are Vienna, Austria; Vancouver, British Columbia; and Seattle, Washington State. Although all three places can be considered waterfront cities (Vienna is not a waterfront

city in the *traditional* sense of the world, but it is located on the Danube River), these cases were chosen more for their innovative housing policy than their inclusion of affordable housing on their respective waterfronts.

### 3.1 Vienna, Austria

Vienna is a city that is known for its unique and progressive social housing program. Vienna is the capital of Austria, and is located in the north-eastern part of the country (see Figure 8). The city rests on the banks of the Danube River, and has a population of over 2-million inhabitants (About Vienna, 2018). According to Mercer's 2017 *Quality of Life* survey for global cities, Vienna ranked number one for the eighth year in a row (Mercer, 2017).



**Figure 8:** Context Map of Vienna, Austria (Vasnechova, 2011)

A big reason why Vienna is consistently rated one of the most livable cities in the world, has to do with its innovative social housing system. The term ‘social housing’ is used extensively in Europe to refer to government-owned or regulated affordable housing (US Department of Housing and Urban Development, 2013). Austria has a long history of elaborate social housing projects stretching back to the days of “Red Vienna” in the early-twentieth century (1919-1934), when the socialist government took a special interest in designing housing for the general population (Brooks, 2017). This was a direct result of the deplorable living conditions that

existed in the late 19<sup>th</sup> century in the wake of rapid industrialization (Holeywell, 2013). Providing quality affordable housing for the working class was made a priority by the government that rose to power in the years following the end of WWI. The goal was to create aesthetically pleasing housing complexes that would provide the general population with housing that had previously only been available to high-income residents. There was also an economic reason for the high amount government intervention in the housing sector, as subsidizing housing costs meant rent would be kept low. This subsequently meant wages could be kept low without negatively impacting living standards (ibid.). This was important to the government at the time to avoid civil unrest by keeping the public happy.

As a result, in Vienna, over 60 percent of the population live in municipally built, owned, or managed housing (Bula, 2017a). Furthermore, rents are set so that people do not pay more than 30 percent of their income on housing (ibid.). There is also no real housing shortage, which in turn means there is not a long waiting list for affordable housing like those which often exist in Canadian cities (ibid.). Vienna's successful social housing system has thus been termed the *Vienna Model*, and is being extensively studied by North American municipalities experiencing housing affordability issues. The Austrian government actually sponsored a travelling exhibit on the Vienna Model, which visited cities like Vancouver and New York City in 2017 (ibid.). The exhibitions explored housing in Vienna "through its portrait of the city's path-breaking approach to architecture, urban life, neighbourhood revitalization, and the creation of new communities" (Museum of Vancouver, 2017).

From the days of Red Vienna until the early 1980's, the public sector built, managed, and kept ownership of housing which was meant for low-income residents. The push for social housing in the time since Red Vienna was so expansive, that as of 2013 nearly 100,000 of the city's 220,000 publicly-owned apartment units were built in the 1920's and 1930's (Holeywell, 2013). During the 1980's, the city bought up a larger share of the housing market. Vienna stopped creating its own developments and started partnering with the private-sector, with the objective of influencing the housing market without dominating it (ibid.). Another 200,000 units were thereby built and are owned by limited-profit developers in a process heavily influenced by the city (ibid.). The process works with the city buying land it deems suitable for residential

development, and retaining control over the type and nature of the development. It then solicits proposals from private-sector developers whose projects are evaluated on four criteria: architectural quality, environmental performance, social sustainability, and economic parameters (such as proposed rent levels and building costs) (US Department of Housing and Urban Development, 2013). After a city-led jury selects a developer, the city sells the land at an affordable price while also providing a loan with favourable terms, such as low interest rates and extended repayment periods (ibid.). Private developers who collaborate with the City to build affordable housing also agree to allow the City to rent out half of the units to low-income residents. Upon completion of a residential project, the City subsequently manages the social housing units on behalf of the developer. This process gives the City the ability to use more of its resources to renovate its older, existing housing stock, while still influencing socially sustainable development and controlling half of the built units for low-income housing.

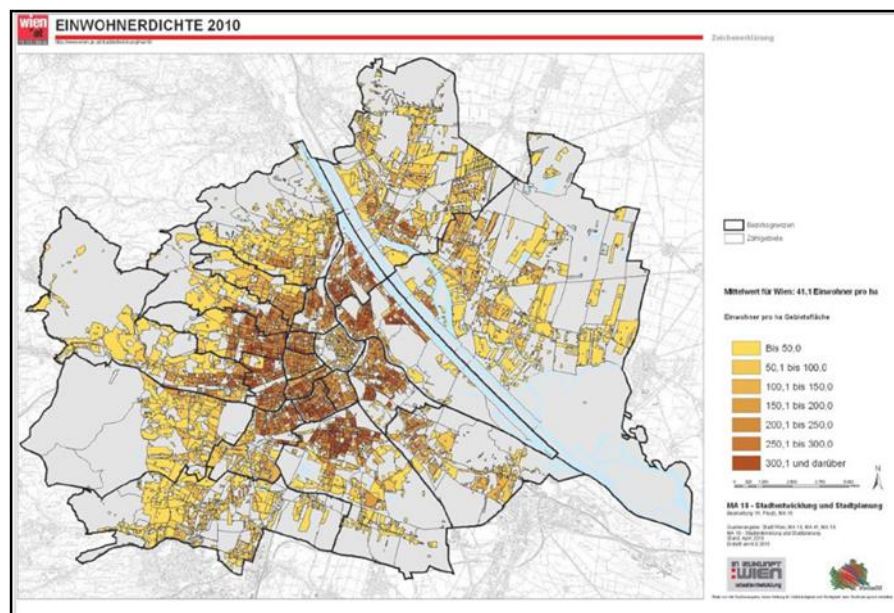
Vienna subsidizes its housing program from two main funding sources: federal taxes and legislative regulations. By law, 0.5 percent of federal taxes go towards housing subsidies in Austria, which are then redistributed to the states (Maschaykh, 2017). To put this into context, if Canada were to have a similar tax, it would have produced a revenue of \$146.8-million in 2016-2017 that could have been split between the provinces and territories (Department of Finance Canada, 2017). Since Austria is a city as well as its own state, it receives €450-million (\$676.7-million CAD) of this funding (ibid.). This national law goes back to the reign of *Red Vienna* and was how social housing was founded under the regime (ibid.). Vienna also has broader taxation powers than many Canadian cities, which adds another €100-million to the yearly housing budget (Bula, 2017a). Breaking down the spending of the funding, in 2017 Vienna put €275-million towards new construction of affordable housing units, €191-million for subsidized renovations, and €110-million for aid on an individual level (Maschaykh, 2017). The Vienna Model is also supported by policies that stem from three laws. The first is the Viennese Housing Renovation Act which outlines the requirements regarding housing subsidies, rehabilitation, and personal subject aid (ibid.). Second is the Limited Profit Housing Act, which regulates limited-profit housing and how it should perform. Limited-profit developers are obliged to reinvest the profit they make through rental income, and they have legally binding thresholds from the rent they can collect from tenants (ibid.). Finally there is the Rent Act, a federal law which contains

the rights and obligations that mainly protect tenants from evictions and displacement (ibid.). Housing is thereby in ample supply since the city continues to add about 5,000 affordable units per year that are subsidized and available to low- and moderate-income residents. Thus housing developments do not devolve into middle-class enclaves, nor do they become stigmatized concentrations of poverty (US Department of Housing and Urban Development, 2013).

But what are the incentives to private developers to take part in this sort of social housing system for limited-profit? Essentially it all comes down to minimal risk and high security gained through public sector support. In addition to the municipal government buying land from the city at very little cost, it also provides loans to developers that cover 35 to 40 percent of the project cost with an interest rate of just 1 percent (Holeywell, 2013). Developers then have 35-years to pay the loans back, with that time beginning once the last private loan is paid off (ibid.). Therefore the system is very reliable and developers are able to trust a housing structure that has been around for over 100-years. So much so, that it leads to fierce competition amongst limited-profit developers to be chosen by the city jury. With this high level of competition, it is common for developers to create a building design with a diverse group of engaged tenants, to create a project that is economical and socially sustainable, as well as visually pleasing (Maschaykh, 2017). Competition has also led to very affordable land development which still helps limited-profit developers make enough profit to make projects worth undertaking. Additionally, the competition has resulted in high-quality developments that often have creative architectural and design elements. Furthermore, developers in Vienna can still benefit from building market housing, as 33 percent of the housing stock in the city is available on the free market, and rent control is not as strict and regulated as it is with subsidized housing (ibid.).

In regards to land use, Vienna's population density is largely centralized, extends along the Danube River, and radiates out of the centre along one major axis to the west (see Figure 9) (Cortright, 2017).





**Figure 9:** 2010 Population Density Map of Vienna, Austria (Cortwright, 2017)

With the majority of residential development in Vienna following the same public-sector model, there is an interesting example of mixed-income housing along the waterfront. Donau-City was developed along the Danube to act as a second city centre in Vienna after the completion of the U1 underground line which reduced travel time to the main CBD (Forster, 2003). This mixed-use area includes 2000 mixed-income residential apartments in high tower blocks, a typology which is very rare in Vienna (ibid.). Additional subsidized housing projects were built beside Donau-City, which include Wohnpark Alte Donau and Wohnpark Neue Donau (a project designed by Harry Seidler) (ibid.). Wohnpark Neue Donau is unique not just because of the curved, concrete modernist architecture that is reminiscent of Gaudi's work, but also because it is built above an underground expressway (US Department of Housing and Urban Development, 2013). The complex consists of 850 units that range from subsidized rentals to free-market penthouses (ibid). Furthermore, the housing blocks are arranged diagonally, which distributes the building's weight over the expressway deck and provides more apartments with a river view (see Figure 10). The development also features one, two, and three-bedroom units so as to be accessible to a broader range of people, including families.



**Figure 10:** Wohnpark Neue Donau Social Housing Project (Harry Seidler & Associates, 2001)

Although the Vienna Model is incredibly progressive and many cities look to replicate the system, there are still some challenges. First, the system is being threatened by the current economic conditions and a change in federal tax policy. As previously mentioned, a large portion of the funding for social housing comes from federal taxes. In 2008, the federal government made a change to its tax policy which now allows Austrian states (of which Vienna is its own) to use a portion of the money allocated for housing to plug other budget holes (Holeywell, 2013). With the economic crisis rising in Europe, this could lead to Vienna slowing down funding to support housing and instead using this money for other programs. Furthermore, increased immigration and the large influx of refugees into Europe are also beginning to put a bit of strain on Vienna's housing system (ibid.). Waiting lists are beginning to grow larger, albeit not dramatically, but this could theoretically be the beginning of downward development in the social housing sector (ibid.). The Vienna Model has also been criticized as being a top-down system with little citizen participation outside of the initial design process for individual housing projects (Bula, 2017a). Additionally, recent trends have shown that segregation is occurring in developments, with immigrants and seniors tending to get stuck in older projects (ibid.).

Could a similar system realistically be replicated in Canadian cities? The difficulties in doing so have, not surprisingly, been well documented. The first challenge is the extremely different political landscape that exists in Austria and Canada with regards to housing. Dating back to 1919, Austria's housing market has traditionally been incredibly socialist, with the public-sector either providing all affordable housing, or having a great deal of influence on the private-sector through a series of strict regulations. That is almost 100-years of state intervention in the housing sector, a feat that is difficult to emulate. In Canada, ever since the 1980's, with the growth of neo-liberal political influences, the housing market has been dominated by the private-sector. This includes social and affordable housing, which is still largely provided by public-private partnerships. This also leads to challenges in the Canadian capitalist system, where private-sector actors would be less inclined to participate in limited-profit development.

Furthermore, in Vienna subsidized housing is primarily funded through by federal taxes. Meanwhile, as discussed in Chapter 2, in Canada the federal and provincial governments usually do not give much funding at all to municipalities for affordable housing programs. The federal taxes in Austria that fund social housing are obtained through a 0.5 percent tax mentioned earlier in this chapter. In Canada, such a tax does not exist, and Chapter 2 has shown that public funding for housing is in short supply. Additionally, Canadian cities would have to purchase a great deal of land if the Vienna Model were to be successfully implemented. Having had a market-based model for housing for so long has led to a great deal of land being privatized, which would be expensive to obtain (*ibid.*). In Vienna, the public sector has been buying up land for decades, which it then uses as leverage to encourage limited-profit developers to build social housing. Furthermore, Vienna also has different zoning regulations, a culture where the majority of the population is comfortable living in multi-family housing, and a government that is able to impose more decisions on the public without receiving as much blowback as it would in Canada (*ibid.*). All of these challenges would be difficult to overcome within the current Canadian housing framework.

The biggest challenge that may exist in implementing the *Vienna Model* in Canadian municipalities is attempting to change the culture and opinions of the public and policy makers. What has made this system so successful in Vienna is that it is a part of the history of the city, an

ingrained part of city life (Holeywell, 2013). Many Canadians view policy change and public funding for subsidized housing as inadequate because it does not solve the affordability problem immediately (Bula, 2017a). But Vienna's system shows that solving housing problems takes "a solid vision over a long period of time – a marathon, not a sprint" (ibid.). Often in Canada this mindset does not exist, which adds to the difficulty to make large scale changes to policy. But Austria, too, had to start somewhere and work towards a new housing system over time, so cultural shifts are indeed possible.

Although it would be impossible to duplicate Vienna's housing system in Canadian cities outright, aspects can be taken and applied to a city's current policy on affordable housing. Furthermore, although Vienna does not offer a true waterfront case study, it does show social housing policies that could make a difference in Toronto's waterfront neighbourhoods. This possibility will be analyzed in more detail in Chapter 4. And while it is sometimes difficult to compare social housing policies between more socialist European cities and liberal North American ones, there are also examples of successful programs that exist in places with similar political and policy frameworks *within* the Canadian context. The next section will look to Vancouver, British Columbia, and explore what is being done to support the construction of affordable housing along the water in a true port city.

### **3.2 Vancouver, British Columbia**

It may come as a surprise that Vancouver has been chosen as an example, especially when taking into account its ranking in the annual affordability index. According to the 2017 version of Demographia's survey of home affordability, Vancouver ranks as the third-least affordable city to live in the world (Tencer, 2018). But it is this low degree of affordability that has led to strategic plans and policies being undertaken by the municipal government to help add to the city's affordable housing stock. This has been the case in Vancouver's False Creek South (FCS) neighbourhood, one of the city's original waterfront communities for multi-family, affordable development (Hamilton, 2017). It was also one of Vancouver's first purpose-built city neighbourhoods with an intentional mix of land uses, housing types, transportation options, and amenities (ibid.). Much like the Toronto waterfront, FCS was envisioned as a way to revitalize the city's run-down, industrial waterfront. The site, seen in Figure 11, represents approximately

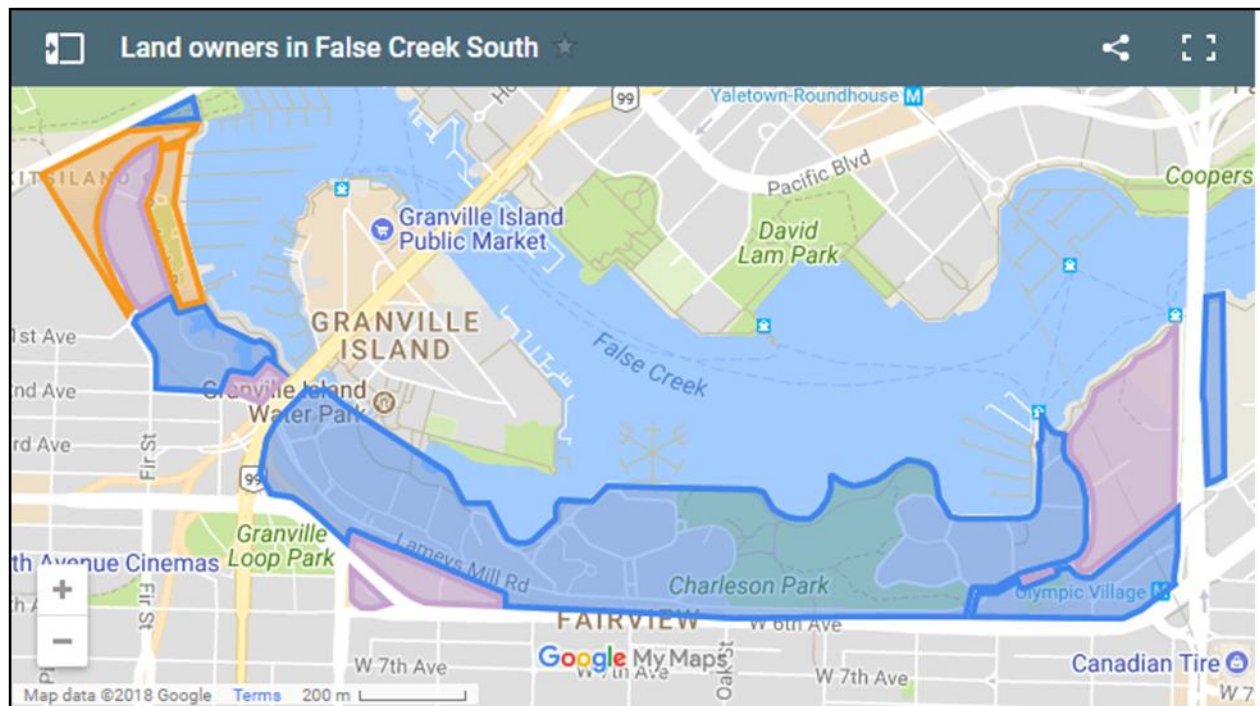


55 hectares of land along False Creek, and as of 2011 had a population of 5,400 people living in 3,155 households (ibid.). The area also features a diverse range of housing types, from privately-owned market rental to affordable housing co-ops, and everything in between (Meuse, 2017).



**Figure 11:** False Creek Neighbourhood Context Map (City of Vancouver, 2018)

The City of Vancouver, through its Property Endowment Fund (PEF), owns 80 percent of the land in FCS (see Figure 12) (City of Vancouver, 2017). The PEF was originally created in 1975, and holds all of the city's long-term land leases (Antrium, 2011). It is managed for the benefit of the current and future generations in such a way to preserve the value of the land, generate reasonable economic return, and support the city's public objectives in a financially sustainable way (Hamilton, 2017). Between 1975 and 1986, much of the land in FCS was leased to tenants via long-term (typically 60-year) ground leases, with some set to expire as early as 2022 (Meuse, 2017). One of the major reasons why the area was able to remain affordable is that many of the co-ops are on these long-term leases. Approximately 60 percent of the residential units in FCS are on city-owned land, including the majority of the 1,772 non-market housing units in the neighbourhood (Hamilton, 2017).



**Figure 12:** Land Ownership in False Creek (City of Vancouver, 2017)

\*Areas in blue are City owned, Areas in Orange are owned by other levels of government, and Figures in Purple are privately owned

With the expiry of many leases in FCS fast approaching, two main issues have been raised. First, there is concern as to whether the City is going to renew any of the leases past the 60-year term (ibid.). Second, there is a question whether many residents will be able to remain in FCS if the leases are renegotiated and brought up to current market rates, since land values have soared since the 1970s (Meuse, 2017). The City of Vancouver has stated its commitment to keeping the neighbourhood affordable, however. It will ensure this through a lengthy process of research, consultation, and negotiation through the False Creek South Planning Program. The planning team is currently in Phase 1 (from the summer of 2017 through the summer of 2018) of this program, where it is working with local residents and the broader public to guide the overall vision for the future of the neighbourhood and create a detailed plan for the neighbourhood edge where there may be immediate opportunities for change (City of Vancouver, 2018). Following this step, the City intends to prepare a draft resident protection and retention plan (ibid.). Although FCS is the city's leading example of a highly accessible mixed-income community, with such high housing prices in the area, there is enormous pressure to raise rents. Therefore the neighbourhood's residents will have to be active to ensure that their houses remain affordable.

The success of the False Creek South neighbourhood in maintaining housing affordability in such close proximity to Vancouver's downtown has led to several other affordable housing development projects in the surrounding area. One example is the recently completed Railyard Housing Co-op in Southeast False Creek. The 15-storey building contains a total of 135 units, with 10 units rented at income assistance rates, 54 units at rent geared to 30 percent of household income, and 71 units rented at the low end of market rent (Chan, 2018). Furthermore, over half of the units are two-bedroom or three-bedroom units, which are meant to give families more affordable housing options in the city. This co-op building will be funded and built by a private-sector developer and operated by the Vancouver Community Land Trust, which will hopefully result in the units remaining affordable long-term. On the other side of the water, there is also a plan in motion to revitalize a stretch of land in Northeast False Creek (see Figure 13).



**Figure 13:** Map of proposed development in Northeast False Creek (Pablo, 2018)

Similar to the rest of the False Creek area, this portion of land was mostly industrial until Vancouver hosted Expo '86 (Culbert, 2018). Since then it has mostly been underutilized space in the form of parking lots and the remnants of a failed plan for an expressway into the city. In early 2018, Vancouver City Council passed its Northeast False Creek plan, which aims to redevelop the site into a mixed-use waterfront neighbourhood, home to 10,000 to 12,000 residents (ibid.).



A large portion will likely end up being market-rate condominium units, but there will also be areas set aside for rental housing, as well as 1,800 social housing units meant to house approximately 3,500 people (ibid). However, in 2014 the City adopted a new definition of social housing as being “any development where 30 percent of the units are to be occupied by people whose earnings fall below the Housing Income Limits (HILs) determined by BC Housing” (Pablo, 2018). This is defined as “the income required to pay the average rent unit in the private market” (ibid.). This could mean that significantly less housing included in the future redevelopment of Northeast False Creek will be affordable to lower-income earners. The City of Vancouver will therefore have to ensure that this is not the case by either amending the current definition, or by creating a new one specific to this project.

There is an argument to be made that community land trusts may be the best way for Vancouver to address the affordability crisis. The Vancouver Community Land Trust Foundation (VCLT) was created as a concept for creating and preserving low-cost housing (Bula, 2017b). The VCLT is in a sense a traditional private-sector developer, although it purchases land for significantly less than current market value. This in turn helps ensure the development of housing for low-income residents. One example is an experimental development on the banks of the Fraser River in South Vancouver where 358 units are being built on city land (valued at almost \$25-million) that was sold to the VCLT for \$10 (ibid.). Conditions of the sale also included a 99-year lease that is meant to guarantee the units remain affordable long-term (ibid.). In a way, this emulates the social-housing systems that exist in many European cities (e.g. Vienna, Austria). where social housing organizations are sometimes the biggest developers. Community land trusts (CLT) have been around for a long time in North America, with the most prominent example being Burlington, Vermont and its Champlain Land Trust (ibid.). Land trusts help remove property from the speculative land market and preserve it for long periods of time, and can be used to form partnerships to redevelop sites with more equity (ibid.). They also benefit the community by providing a wide range of housing types that are affordable in perpetuity, and give residents security and tenure (RePlan, 2016). One only needs to look to False Creek South to find a similar land trust in Vancouver. In fact, if the False Creek South Land Trust joined the VCLT, it would become the largest in North America (Bula, 2017b). City planners in Vancouver have also agreed to look at the idea of community land trusts as widespread solution to the

affordability crisis (ibid.). But there are challenges that exist with community land trusts, including: high initial land cost if the city does not already own the land (perhaps the most critical issue in Vancouver); maintaining a strong partnership between government and the CLT; setting up the structure of governance which may need time to evolve; attracting social investment and capital into the model; and overcoming public resistance to a relatively unknown development strategy (RePlan, 2016). But the benefits to the community, prospective residents, and investors far outweigh the concerns. In a city where there is less access to affordable housing every year, this is an innovative strategy that will help solve the affordability crisis. Although inclusionary zoning could be used as an alternative when land prices rise too high, community land trusts remain a plausible option for publicly owned land that can be sold at below-market prices to non-profit or private-sector developers who agree to build affordable rental housing in perpetuity.

An additional strategy being considered by Vancouver to improve the housing crisis, is rental-only zoning. This would be passed as provincial legislation and municipalities would then have the option to adopt this type of regulation. The City of Vancouver has stated that it is on board with this type of zoning change, as it would help achieve the city's goal of providing 20,000 purpose-built rental units stated in the Vancouver Housing Strategy (Gold, 2017). The law would, in effect, do exactly what the name suggests – create specific zones in the city where only the development of rental housing would be permitted. But if rental-only zones are implemented in the city, density and location must be considered (Coulter, 2018). First off, the city would need to choose enough sites for rental-only zoning so that it is not undersupplied (ibid.). Second, the city would have to be mindful of where rental-only zones are put into effect, so that one area is not over-supplied (ibid.). This could lead to one area becoming 'ghettoized', instead of creating a mix of housing-types and tenures throughout neighbourhoods. Third, locations must have enough density so that it is economical for the land owner to sell, and the developer to buy (ibid.). In rental-only zones, the dollar per buildable square foot is much lower than with condo development, so density is important if it is to be lucrative for a current homeowner to sell (ibid.). Furthermore, the City of Vancouver would have to look at areas for rental-only zoning that would not negatively affect the current value of properties (Bula, 2018). Areas with older

low-rise apartments or single-family areas around transit corridors would be ideal candidates for higher densities brought on by rental-only zoning (ibid.).

One of the main reasons why residential developers are not currently building rental housing, is because land values are too high (Gold, 2017). Land owners are presently asking too much money for their land in Vancouver for the development of purpose-built rental housing to be feasible. However, rental-only zoning would increase land prices because it limits risk for developers (ibid.). The argument is that developers would not have to apply for rezoning and take proposed projects before council – a process that could be lengthy and expensive (ibid.). Instead, prospective builders would only have to worry about applying for a development permit and the cost of land. According to a Vancouver developer: “You take the risk out of it, you streamline the process, and standardize the value of land” (ibid.). Developers would also be given density bonuses to new developments that offer 100-percent rental housing while also reserving 20-percent of these units for low-income residents (Little & Yuzda, 2017). This type of policy would additionally incentivize developers to build housing in rental-only zones as opposed to condominium development in other areas of the city.

While Vancouver remains one of the most expensive cities to live in North America, False Creek South, Railyard Housing Co-op, and the proposed Northeast False Creek revitalization proposal offer hope that the city is making positive steps in alleviating the issue. These projects show that mixed-income communities can be planned near the waterfront and in similar high-value areas. But perhaps Vancouver's biggest hope to make the city more affordable, are community land trusts. It is a bold, innovative solution that could be possible with the current NDP government and their promises to invest in more affordable homes (including co-ops) for below-average-income families (Culbert, 2018). Additionally, enacting rental-only zoning would increase the supply of rental housing in the city by increasing vacancy rates and affordability for low- and moderate-income residents. The following section will look to Seattle, a nearby coastal city with a progressive approach to affordable housing policy in a similarly high-value market.

### 3.3 Seattle, Washington

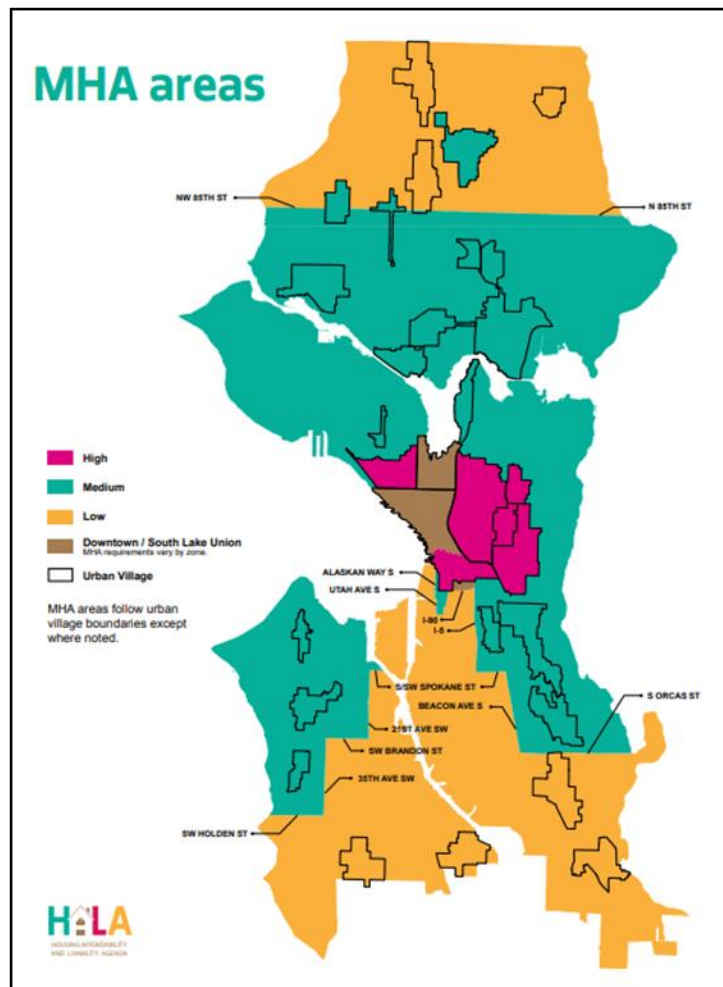
The third city that has been taking an innovative approach to affordable housing is Seattle, Washington. Situated in America's Pacific Northwest, on an inlet of the Pacific Ocean, Seattle has a population of around 710,000 people in the city and around 3.8-million in the metro area (Cortright, 2017). Seattle also has a median household income of around \$83,476 (as of 2016), the third-highest in the top 25 most populated cities in the US (Statista, 2016). This high median income is partially the result of Seattle's booming tech industry, rated second in the country after San Francisco (Levy, 2017). With such a strong economy, it is no surprise that the city is also leading the nation in tower-cranes, meaning there is a lot of housing construction happening (Trumm, 2016). However, even with so much new development, Seattle still has a housing shortage (ibid.). Housing is in especially short supply for families, since 52 percent of all new apartment units built in the city since 2012 have been 1-bedroom units, and an additional 29 percent have been studios (Lloyd, 2017). Furthermore, the city is also leading the country in rising rents. From June 2015 to June 2016 rents in Seattle grew by 9.7 percent, rising about 4 times faster than the national average (see Figure 14) (Rosenberg, 2016). In all, rents in Seattle are up 65 percent since 2010 (Rosenberg, 2017). The end result is a housing affordability crisis not unlike that which exists in Toronto and Vancouver.



**Chart 5:** Rent growth in American cities (Rosenberg, 2016)

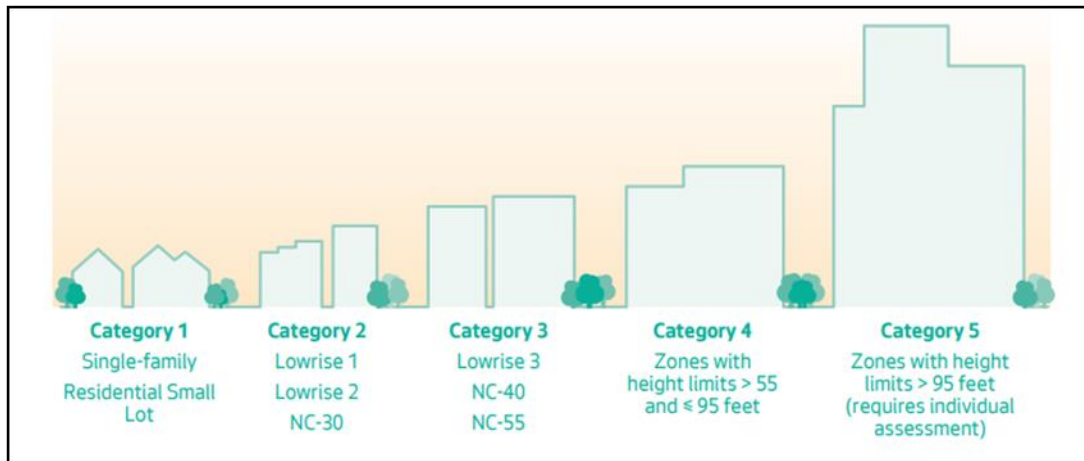
To combat rent growth, Seattle's municipal government has implemented and proposed several innovative policies meant to improve the supply of affordable housing. The first of these is a city-wide inclusionary zoning system known as Mandatory Housing Affordability (MHA). It's a key part to the city's Housing Affordability and Livability Agenda (HALA) and seeks to contribute 6,000 affordable units out of the overall goal of 20,000 by 2025 (Lloyd, 2017). The MHA ensures that new commercial and multi-family residential development contributes to affordable housing – essentially requiring developers to contribute to affordable housing as Seattle grows (Mandatory Housing Affordability Overview, 2017). Units built for homeownership will be affordable to those making 80 percent of the median income (which varies based on household size) (Lloyd, 2017). Meanwhile, rental units will be affordable to those making 60 percent of the median income and affordability will be preserved for a minimum of 75-years (ibid.). As of January 2018, the MHA has been in effect in eight neighbourhoods surrounding Seattle's downtown and South Lake Union districts. An updated, city-wide legislation for inclusionary zoning is currently before council and is expected to be approved as early as July, 2018 (ibid.).

With the MHA policy in effect, developers have two options. The first is the performance option, where developers include rent-restricted units in development proposals. These proposals must follow the design and location standard in the code and comply with the affordability requirements included in the legislation (Mandatory Housing Affordability Technical Summary, 2017). The second option is the payment option, where developers make a payment to the City's Office of Housing (ibid.). This payment goes to the City's Office of Housing as part of the permitting process that will support affordable housing development throughout Seattle (ibid.). MHA requirements vary depending on the development's location and the scale of the zoning change that put MHA into effect. Low, medium, and high MHA areas differ throughout the metropolitan area and are identified in Figure 14 (ibid.).



**Figure 14:** MHA areas in Seattle, Washington (City of Seattle, 2017)

Different building types also fall into different zoning categories, as is seen in Figure 15 (ibid.). When a zoning change results in a change in zoning but still remains in the same category, the new zone has the suffix “(M)” added to its name. For example, referencing Figure 15, an NC-40 zone that becomes an NC-50 allows 1 additional storey of development and remains in the same category. If the zone changes to the next highest category, it is then designated with the suffix “(M1)”. And finally, if the zone moves two or more categories higher, the new zone has an “(M2)” suffix. The M-suffixes and MHA area designations are important to the MHA, as they allow for the calculation of a development’s affordable housing contribution (see Table 3) (ibid.).



**Figure 15:** Categories for up-zoning (City of Seattle, 2017)

		low area		medium area		high area	
		%	\$	%	\$	%	\$
scale of zoning change	(M)	5%	\$7.00	6%	\$13.25	7%	\$20.75
	(M1)	8%	\$11.25	9%	\$20.00	10%	\$29.75
	(M2)	9%	\$12.50	10%	\$22.25	11%	\$32.75
for non-highrise commercial (up to 95 feet)							
		%	\$	%	\$	%	\$
scale of zoning change	(M)	5%	\$5.00	5%	\$7.00	5%	\$8.00
	(M1)	8%	\$8.00	8%	\$11.25	8%	\$12.75
	(M2)	9%	\$9.00	9%	\$12.50	9%	\$14.50

**Table 3:** MHA zoning requirements of affordable housing units to be included in different zones (City of Seattle, 2017)

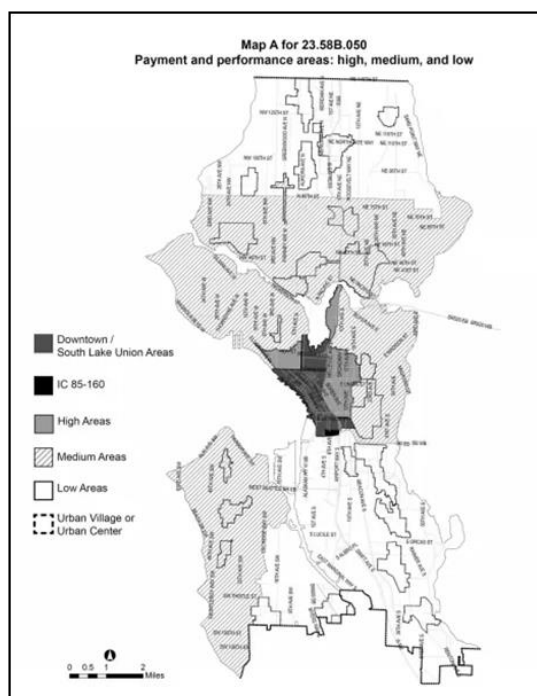
Like many inclusionary zoning programs, Seattle's MHA has received a fair bit of criticism. One critique is that the MHA will result in many developments being less feasible than if the process remained status-quo, thus resulting in less residential development in certain zones (Bertolet, 2017). The argument here is that the application of the proposed MHA up-zone to NC75 yields a roughly one-third lower return on investment (ROI) than a typical apartment development (ibid.). That loss of profitability for the private-sector would render infeasible a substantial share of homebuilding projects in certain zones resulting in production taking a huge hit (ibid.). But this critique is more or less speculative and relies on mock feasibility studies that may not be



indicative of what will actually happen if/when the MHA is adopted city-wide. Another criticism is that the proposed approach for up-zoning and adding density would reduce the livability of Seattle's neighbourhoods (Trumm, 2017). This argument is made by a coalition of 24 neighbourhood groups calling themselves the Seattle Coalition for Affordability, Livability, and Equity (SCALE), and has actually led to litigation as the group is currently suing the City of Seattle. SCALE claims that giving developers the ability to construct bigger buildings will result in an increase of traffic, cause a reduction of light and decrease air quality, will exacerbate parking problems, and will reduce tree canopy (among other things) (ibid.). A clear instance of NIMBYism, these arguments have little merit and it is expected that the City will claim that the needs of the many will far outweigh the wants of the few. Although NIMBYism is a very effective force in local politics, the City of Seattle has shown that it is committed to increasing the affordability of housing in all areas of the city, no matter the complaints against the proposed changes. Some private-sector developers have also claimed that MHA is illegal, and the city has no right to force developers to increase their project's height and density while adding affordable housing units (Person, 2017). However, this claim is unlikely to gain much traction as mandatory affordable housing policy is already authorized under state law and has been successfully enacted in several other cities in Washington State (ibid.). An additional criticism is that most developers choose to pay cash rather than include affordable units in their projects. Therefore, there may be little real inclusion of affordable units in new projects. A 2014 study on inclusionary zoning in Seattle showed that between 2001 and 2014, just 56 units affordable to households with incomes under 80 percent of median family income were produced with developers using the performance option (Cornerstone Partnership, 2014). However, over that same period of time, developers contributed \$27.2-million to affordable rental projects through the cash-in-lieu option, which resulted in 616 units of affordable housing that would otherwise not have been built in Seattle (ibid.). Furthermore, with the City having more money provided by the cash option, it was able to ensure affordable units were not concentrated in one particular area, and were located closer to downtown than they otherwise might have been (ibid.).

In 2014, the City of Seattle's through its housing affordability task force (HALA) came to an agreement with private developers about how developers will be required to provide affordable housing in the future. This agreement was termed the "Grand Bargain" and was essentially a

group of developers agreeing not to sue the city over fees charged on developers into the affordable housing fund if these fees only applied to commercial development (Groover, 2015). These fees are referred to as commercial linkage fees, and are different from council's original proposal, which would apply to both residential and commercial development. In exchange, the city would enact mandatory inclusionary zoning (the MHA) in order to get affordable housing from residential development as well. The commercial linkage fee legislation, Bill 118498, was passed unanimously by Seattle City Council in November 2015 (Fesler, 2015). The policy gives developers three options, a fee-in-lieu option, an onsite and offsite performance option, or a combination of the two. The amount of affordable housing required or the price for the linkage fee is then determined by zone, outlined in Figure 16 (ibid.). With the fee-in-lieu option, the cost ranges from \$8.00 to \$17.50 per square foot of development in commercial zones located in the city's Downtown and South Lake Union neighbourhoods (Anderson, 2016). Elsewhere in the city, fees range from \$5.00 to \$10.00 per square foot (ibid.). The performance option works as a ratio of rental affordable housing to chargeable commercial space. In the Downtown and South Lake Union areas, the percentage of rentable affordable housing floor area required ranges from 5- to 10.6 percent of chargeable commercial floor area (ibid.). Elsewhere in the city the ratio must be at least 5 percent (ibid). There are also additional requirements, such as units provided must be rental units, be sized comparably to market-rate units, and have a rental cap at 60 percent of the area median income for 50-years (ibid).



**Figure 16:** Linkage fee zones (Fesler, 2015)

As is the case with most new policies regarding affordable housing requirements for private-sector developers, there are critics of commercial linkage fees in Seattle. One argument is that a linkage fee will actually result in less affordable housing being built, not more. This is due to the fact that the requirements could make development projects too expensive to build, and would thus slow down neighbourhood development altogether. However, studies have shown that similar fees and regulations have marginal effects on housing markets: market swings drive real change in supply and demand (Craig & Greenwich, 2014). A report by David Paul Rosen and Associates studied similar policies in place in California municipalities over a 20-year period. The report analyzed the potential impact of alternative inclusionary zoning requirements and incentives based on how housing actually gets built in Californian cities today (David Paul Rosen & Associates, 2002). It found that in larger cities, housing production increased (sometimes dramatically) after the passage of similar ordinances (ibid.). This report also found that in no case did the adoption of affordable housing policies such as linkage fees slow down housing production (ibid.). The City of Seattle has also designed its program so that developers will still make significant returns on equity through different fee requirements in slow and high growth zones, and the fee level will be reassessed regularly and adjusted for market conditions

(ibid.). There is also the argument that over-regulation is strangling the housing supply. This is more or less an “invisible hand” argument, where private-sector developers would be willing to build in the lower end of the housing market if the cost to do so was cheaper (ibid.). However, it has been shown that housing pricing in strong markets such as Seattle are mostly determined by high-end demand (ibid.). Regulation can act as a buffer to unpredictable and imbalanced markets, thereby providing housing for low-income workers and consumers, which often leads to an increase in the economic activity of a city. Regulations also must be put in place in affordable housing policies that require the developer to provide lower rent prices. This ensures that developers are not able to pass on higher costs of construction onto renters, which in turn would exacerbate the affordability crisis.

### **3.4 Summary**

A quick review of the three cities analyzed in Chapter 3 shows that there are many innovative affordable housing policies being implemented, explored, or continued. Austria is a city that has a rich history of providing social housing. It has done this through strong government intervention in the housing sector and with the support of private developers who are willing to gain limited profit on their investment. The result is a city that is continuously rated at the top of many lists in terms of quality of life and housing affordability. But for this type of model to be successful in the North American context, it would require a wide-scale change in the housing system that many municipalities are not willing to attempt. Meanwhile, Vancouver is experimenting with community land trusts and rental-only zoning to help solve their own affordability crisis. The city is doing this while also leveraging the sale of publicly-owned land in exchange for more affordable housing being built. Finally, Seattle is implementing extensive housing policy reform that they hope will alleviate the affordability issues they are experiencing. Mandatory Housing Affordability (inclusionary zoning) and commercial linkage fees are two ways in which the city is stepping up to ensure low-income housing is being built in high-value areas which include the downtown and waterfront neighbourhoods (see Figure 14). The City of Toronto can learn a lot from the initiatives being taken in these three cities, especially in its waterfront neighbourhoods. The next chapter will look at Toronto's urban waterfront and

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analyze whether the progressive affordable housing policies explored in Chapter 3 can and/or should be implemented in the city.

## **Chapter 4: Toronto's Urban Waterfront**

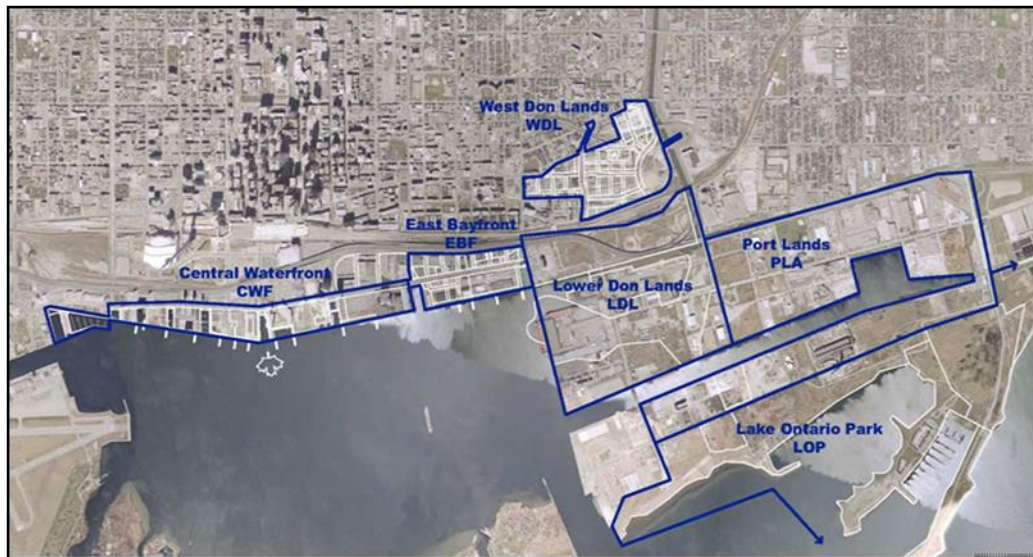
### **4.0 Introduction**

Chapter 4 will provide an overview of the history of Toronto's waterfront revitalization and also examines the challenges that have restrained the redevelopment of the waterfront. It then explores the type of development that has occurred throughout the revitalization process and introduces high-profile construction proposals and the concerns that are raised with certain types of development. The chapter will then look at affordable housing projects at the waterfront that have been completed, are in progress, or have been proposed. It will also look at the specific challenges to including this type of housing in the area, and what needs to be done to overcome these issues. Finally, Chapter 4 will unpack the interviews of five key informants in the fields of affordable housing and waterfront development in Toronto. Thoughts and opinions given by these experts will be analyzed to see whether it is possible to create inclusive communities in high-value areas, and what needs to be done by the City of Toronto to ensure mixed-income housing is built and maintained along the city's urban waterfront.

### **4.1 Context: Toronto's Waterfront Revitalization**

At the beginning of the 21<sup>st</sup> century, Toronto's waterfront was a mess of unsightly industrial buildings, undervalued brownfield sites, and underappreciated and contaminated land. The physical topography of the lakefront that exists today is the result of geological engineering from private industries that created land when there was no longer any available along the water (Alamenciak, 2013). The infill was initiated in 1912 when the Toronto Harbour Commission was created with the aim of industrializing the whole of Toronto's shoreline (Desfor et al, 2011). The logic of this industrialization of the waterfront was to create a bustling port that would connect water transportation facilities to modernized railways (ibid.). Jump forward more than a century and there has been an extreme shift in culture. Now there is a huge demand for the revitalization of Toronto's waterfront, a process in which brownfield sites are being rehabilitated and repurposed, housing developments built, pedestrian walkways and green space added, and public transportation improved, all through sustainable development practices. As previously mentioned earlier in this report, the main areas that are currently being developed along the waterfront are the West Don Lands, the Central Waterfront, Port Lands, and East Bayfront (see Figure 17). The

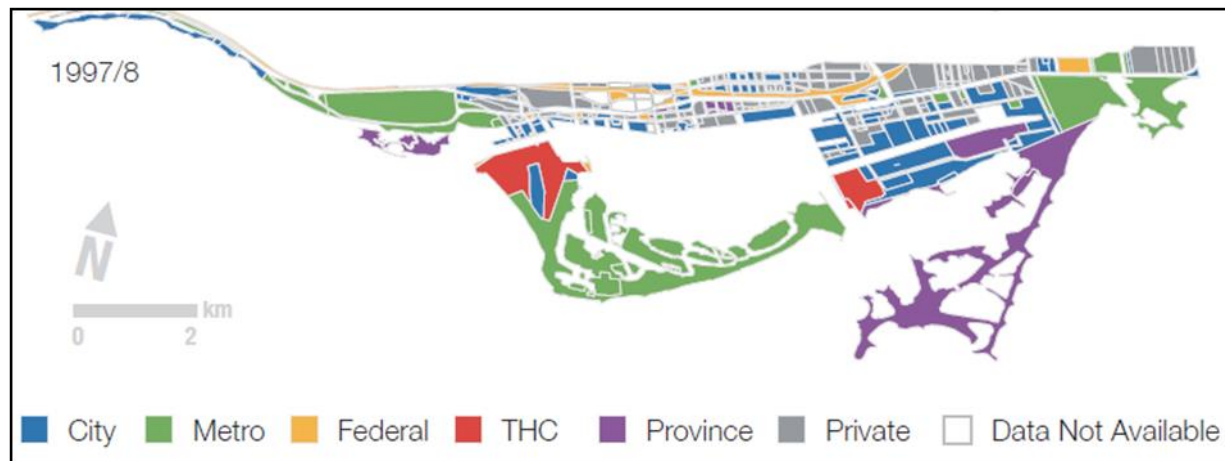
revitalization of the waterfront has been discussed for some time now, but it is only in the past 18 years that progress has been made. The reasons why it has taken so long are complex, but this section will attempt to unpack the past struggles associated with waterfront development in the city.



**Figure 17:** Toronto's waterfront revitalization areas (Department of Finance Canada, 2013)

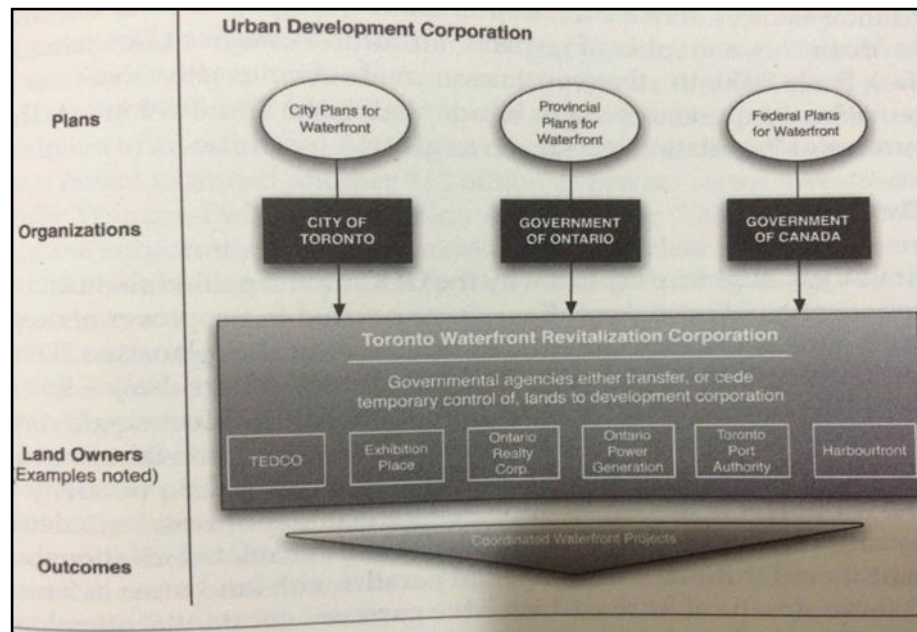
Several problems have plagued Toronto's waterfront redevelopment process over the past few decades. The first is a history of complex land ownership. Due to previous industrial use of the land on and near the lakefront in Toronto, the city was not able to plan for waterfront revitalization until the mid-to-late-twentieth century. The result from this prior land use was deeply fractionalized land ownership at the water's edge, which posed a challenge to subsequent land improvement. From 1997-98, when the revitalization of Toronto's waterfront was being hotly contested, upwards of two dozen separate private and public bodies spanning all levels of government held some claim to land around the waterfront (see Figure 18). Such fragmentation added a level of complexity to redevelopment efforts for years, with each level of government protecting its own waterfront assets through individual financial interests. This fragmentation also led to the pitting of the property rights of one agency against the jurisdictional authority of another in what can be referred to as a "joint-decision trap" (Eidelman, 2013).





**Figure 18:** Toronto's waterfront land ownership in 1997/98 (Hogan, 2015)

The Royal Commission on the Future of the Toronto Waterfront began an inquiry in 1988 while there were still upwards of 100 departments, agencies, boards, and other sorts of special-purpose bodies throughout all the levels of government that held some jurisdiction over waterfront lands (Royal Commission on the Future of the Toronto Waterfront, 1992). Since battles between governmental bodies were seen to be insurmountable obstacles to successful development, the Toronto Waterfront Revitalization Corporation (TWRC) was created in 2001. The TWRC began meeting in early 2002, and by December of that same year the Government of Ontario passed the *Toronto Waterfront Revitalization Corporation Act, 2002* (Waterfront Toronto, 2018c). This piece of legislation gave the corporation permanent independent ability to oversee the development and renewal of Toronto's waterfront (ibid.). Renamed Waterfront Toronto in 2007, the organization was formed with the goal of breaking through this gridlock. Waterfront Toronto is publicly funded, but acts more as a private agency and developer, consolidating control of planning, coordination, and implementation through multilevel governance (See Figure 19).



**Figure 19:** Waterfront Toronto development hierarchy (Desfor & Laidley, 2011, pp. 273)

Along with the formation of Waterfront Toronto came \$1.5-billion CAD in tri-government funding spread out evenly among all three levels of government to initiate development of around 8km of underappreciated Lake Ontario shoreline into high-density residential buildings, parks, beaches, pathways and office buildings over a twenty-five-year period (Alamenciak, 2013). The funding was considered by the TWRC to be the first installment of around \$4.3-billion in public infrastructure improvements meant to attract upwards of \$13-billion in private-sector investment (Desfor et al, 2011). However, due to escalating construction expenses, as of 2014 the Federal portion of the funding was already exhausted with only \$17 million left from the province and \$170 million in city funding that was projected to run out by 2017 (Church, 2014).

The higher than expected costs of development can be attributed to environmental factors and have been a major issue that has plagued the revitalization of the waterfront. Some examples of environmental costs at the waterfront include the remediation of contaminated soil from the area's previous industrial land use, the costs associated with solidity problems that come with building on soft ground, and the difficulty to stabilize areas that are susceptible to flooding and therefore waterlogged (Alamenciak, 2013). Residential developers building near the water's edge tend to experience firsthand how such environmental obstacles can add millions of dollars to

stabilize high-rises. Once the landfill is dug into and soil is remediated, it must then be drilled down to the bedrock and secure foundations through layers of parking garage or supports. The average cost of building an underground parking stall in a waterfront development project costs upwards of \$100,000, whereas anywhere else in the city that does not have contaminated material it would cost around \$30,000 (ibid.). One example of a waterfront project dealing with pricey environmental concerns is the West Don Lands neighborhood. Located east of downtown Toronto, slightly inland from the lake and situated on the Don River, the proposed site was on some of the most contaminated land in the city. This was due to tanneries, a PCB storage facility, and underground fuel tanks, all built on a former floodplain (Arvidson, 2011). The remediation of the site was led by Infrastructure Ontario (a provincial government organization) and required pockets of contaminated soil to be removed and filled with clean dirt and for the remainder to be dewatered and consolidated before building otherwise parts of the neighborhood would sink into the ground (ibid.). The project also required 400,000 cubic metres of specially engineered fill to create a flood protection landform which would provide protection for 519 acres in and around West Don Lands (see Figure 20) (Toronto Waterfront Revitalization Corporation, 2005).



**Figure 20:** West Don Lands flood protection plan (Webb, 2015)



An additional \$1.25-billion in tri-governmental funding was announced in 2017, with the intent of cleaning up the Toronto's Port Lands (Powell, 2017). The area is considered one of North America's largest under-used and under-developed urban areas, and so the funding will be used to help flood-proof and remediate the Port Lands and initiate the transformation from a polluted industrial area into a "mixed-use community surrounded by parks and green space" (ibid.). The Port Lands Flood Protection Project will take approximately seven years to complete and will work by creating two new outlets for the Don River – including a wide river valley – that will convey flood water into Lake Ontario while also providing parks, aquatic habitat, and new infrastructure such as roads, bridges, and transit right-of-way (see Figure 21) (Waterfront Toronto, 2017b). An economic impact study indicates that the spending on construction alone will generate approximately \$1.1-billion in value added to the Canadian economy and \$373-million in tax revenues to all orders of government (ibid.). The same study also indicates that an additional \$4.0-billion in revenue to the Canadian economy and \$1.5-billion in tax revenue related to future development unlocked by project (ibid.).



**Figure 21:** Port Lands Site Plan (Toronto Conservation for the Living City, 2005)

The potential for development revenue has not gone unnoticed by the private-sector as well, and the Port Land's accessibility to Toronto's downtown neighbourhoods makes it a hot commodity. But what is interesting about this area, is that in addition to the usual commercial and residential developers vying for land to build on, there are new players attempting to enter the game. The following part of this report will focus on one specific development proposal, Quayside, because it represents an opportunity to ensure equitable housing along the waterfront.

Sidewalk Labs, the urban-tech focused subsidiary of Google's parent company Alphabet, has come up with a futuristic vision for a 12-acre, former industrial site called Quayside (Valverde, 2018). Quayside is envisioned as a data-oriented, high-tech neighbourhood – a 'smart city' (ibid.). The reason why Sidewalk Labs has such a keen interest to develop its own neighbourhood in Toronto has not yet been formally announced, but it likely has a lot to do with its desire to initiate a pilot project to experiment with the use of Big Data. The United Nations has estimated that cities will expand by an additional 2.5-billion people by 2050, making the hunt for solutions to gridlock, pollution, unaffordable housing, and aging infrastructure even more pressing than it is now (Brownell, 2018). Many cities believe that the answer to many of these urban issues lies within large amounts of urban data which can be used to inform urban planning, research, and new software development meant to improve public services (Bliss, 2018). Additionally, the payoff for introducing technological solutions to urban problems is high, with \$774.8-billion in revenue estimated to be generated by 2021 with 'smart cities' around the world (Brownell, 2018).

The Sidewalk Labs development proposal does indeed have many perceived benefits, but there is also a great deal of controversy surrounding the project. The first has to do with data collection, use, and ownership. It is unclear thus far what exactly Sidewalk Labs will be doing with the data collected through sensors and cameras in its 'smart city'. There are also concerns over the privacy of the people living, working, or even passing through the neighbourhood who may not want to be monitored. Rohit Aggarwala, Sidewalk Labs' Chief Policy Officer, has recently stated that he "has heard concerns over privacy and the use of data . . . [people] need to feel safe and respected...they can't do that if they are being monitored for the wrong reasons, or in fact for

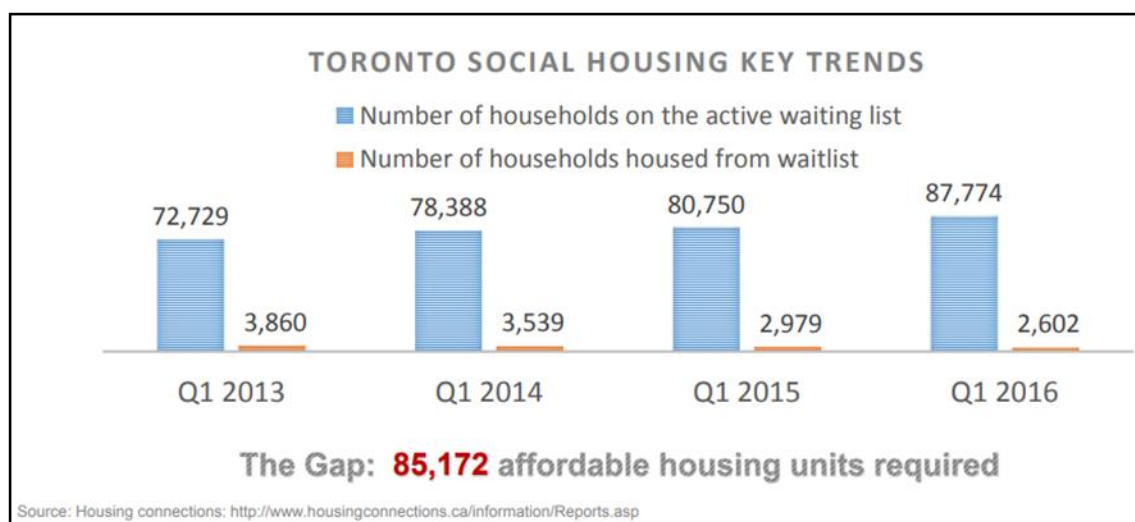
almost any reason” (Rider, 2018). Aggarwala also assured people that the data would not be sold or used for advertising purposes (ibid.).

But perhaps the more pressing concern over Sidewalk's proposed development has to do with governance and planning. Turning large areas over to private corporations so they can build, plan, and control neighbourhoods may not be the best use of that space (Valverde, 2018). Although Sidewalk's vision for the site may involve data and software, “it's a city plan, not an ap” (ibid.). Privatized planning is nothing new. There are examples of Urban Integrated Megaprojects (UIM) in Asian cities which have resulted in exclusive communities (ibid.). Private planning practices are also seen in the Western context, as London, England saw the creation of several ‘Urban Development Corporations’ designed specifically to go over the heads of local city councils, which were dominated by Labour politicians opposed to these sorts of entities (ibid.). This is worrisome as urban planning is meant to be a key public function. If decisions are being made in secret and there is a lack of transparency or public consultation, then it goes against the basis of the entire system.

Finally, there are issues with regards to inclusion and access. It is hard not to imagine tech-savvy, affluent young professionals lining up to live in this neighbourhood. But the fact of the matter is that undeveloped waterfront neighbourhoods offer an opportunity for the City of Toronto to add more affordable housing. Although it is too early in the planning process for Sidewalk Labs to have agreed on the City's affordable housing targets, the organization has recently hosted public talks on the future of affordable housing in the area. It will be up to the City to ensure that if this project does happen, Sidewalk Labs is required to include enough affordable housing as set out in the precinct plan. The argument in favour of an inclusive neighbourhood is only strengthened when considering that all of the land in Quayside is municipally owned. Therefore, there must be tangible benefits given back to the community if the City is going to allow a private corporation to develop on public land. To reiterate, a large amount of underutilized, publicly-owned land is one of the main arguments used previously in this report in favour of including a significant amount of affordable housing along Toronto's waterfront. The following section will look at the affordable housing projects that have been built, are under construction, and have been proposed along the waterfront thus far.

## 4.2 Affordable Housing Projects on the Waterfront

The extent of Toronto's current housing affordability crisis has been well documented earlier in this report. The inability to deliver sufficient affordable rental units in the city has led to a significant housing gap (see Chart 6) (Fleissig & Ross, 2017).



**Chart 6:** Toronto's housing gap in 2016 (Housing Connections, 2016)

The gap between the number of households on the active waitlist and those housed reached 85,172 in 2016 (ibid.). It would cost close to \$25-billion to build enough affordable rental housing to eliminate the current waitlist, which is more than double the City's current total annual budget (ibid.). As a result, there is a real struggle for families and low-income earners to be able to afford to live close to downtown. This lack of affordability forces people to live in peripheral suburbs or outside of the city altogether, contributing to polarized neighbourhoods, urban sprawl, long commute times, and road congestion.

Toronto's urban waterfront offers an opportunity to help close the gap and build a significant amount of affordable housing. As discussed throughout this report, there are many reasons why the waterfront in particular has been chosen for study. To repeat the rationale of this study, there is a wealth of publicly owned land (municipal, provincial, and federal) that can and should be used for social benefits. Also, much of the land along the eastern part of the waterfront is either vacant or underutilized, which leaves it ripe for new development. Additionally, since the waterfront is in close proximity to Downtown Toronto, affordable residential development can



help mitigate environmental issues caused by urban sprawl, congestion, and long commute times by vehicle. Furthermore, the fact that the waterfront is underdeveloped, there is a once-in-a-century opportunity to build a large, inclusive community in the urban context. Also high public investment put towards the revitalization of the waterfront warrants social capital being returned to the community. And finally, since the land value along the waterfront is so high, if inclusive, mixed-income neighbourhoods can be successfully built here, then it will serve as a model for the rest of the city. Further on this point, creating mixed-income neighbourhoods by bringing affordable housing into traditionally high-value areas is a chance to alter the usual process of bringing in high-income housing options into traditionally low-income neighbourhoods, which often results in the displacement of vulnerable residents.

In Chapter 2, this report reviewed four waterfront precinct plans: the Central Waterfront Secondary Plan (CWSP), East Bayfront Precinct Plan, the West Don Lands Precinct Plan, and the Port Lands Planning Framework. The CWSP was established by Waterfront Toronto and the City of Toronto to guide development throughout the waterfront neighbourhoods. The plan has a policy in which 25 percent of all residential development should be reserved for affordable rental housing. The West Don Lands and East Bayfront Precinct Plans have similar policies, but the plans lowered that target to 20 percent. Meanwhile the Port Lands Planning Framework also targeted 20 percent affordable rental units to be included in the redevelopment of the area, but has stricter regulations to ensure that it happens.

To date, three affordable rental projects have been completed in the West Don Lands (Waterfront Toronto, 2017a). The first development, located on the south east corner of King Street East and St. Lawrence Street, was done in partnership with Toronto Community Housing (see Figure 22) (ibid.).



**Figure 22:** Toronto Community Housing affordable housing site plan in West Don Lands (Waterfront Toronto, 2007)

The project consists of three buildings and 243 affordable rental units geared towards families and seniors (ibid.). Rent is set at or below the average market rent in the City of Toronto based on an index established by Toronto Community Housing and income restrictions applies to qualify (ibid.). The other two projects completed in the West Don Lands are building conversions of the 2015 Pan/Parapan Am Athletes Village. While the games were being held in Toronto, the units served as temporary homes to athletes, coaches, and officials. After the games concluded, the buildings were turned over to Wigwamen Inc. and Fred Victor to manage and operate as affordable rental and affordable ownership units (ibid.). Both organizations are “respected non-profit housing corporations with a long history of providing safe, affordable housing to the City of Toronto” (ibid.). Wigwamen’s building is located on the north side of the Front Street Promenade, just east of Cherry Street (see Figure 23). The project contains 145 one-to-four-bedroom units catered to families, and Aboriginal residents (ibid.). Fred Victor’s building is located just north of the Wigwamen site and also east of Cherry Street (see Figure 23).



**Figure 23:** Wigwamen & Fred Victor affordable housing projects in West Don Lands (Corktown Residents & Business Association, 2012)

The project has 108 one-to-four-bedroom units, geared toward families and workers (ibid.). Additionally, in September 2017, the City of Toronto's Affordable Housing Office initiated a proposal to City Council to work with the Government of Ontario to develop 390 affordable homes in West Don Lands (City of Toronto, 2017b). This initiative is set to be a part of the first phase of the Ontario Government's Fair Housing Plan, which has established a new program to leverage provincial land assets to develop a mix of market and affordable housing across the province (ibid.). The proposal includes up to eight acres of land in the West Don Lands split between Blocks 8 and 20 and Blocks 3W, 4W, and 7W (see Figure 24) (ibid.). The target is for 210 affordable homes in Blocks 8/20 and 180 affordable homes in Blocks 3W, 4W, and 7W (ibid.). This number of affordable units equates to 30 percent of the entire residential Ground Floor Ratio (GFA) of the sites. The West Don Lands units (as well as 210 affordable units at another site in the city) will be made possible by approximately \$27.9-million in financial incentives and tax relief for private-sector developers (ibid.).





**Figure 24:** Sites proposed for affordable housing in West Don Lands (CBRE, 2017)

Elsewhere along the waterfront in East Bayfront, 80 affordable rental units are under construction in the Bayside development site. These 80 units are geared towards artists and operated by an organization called Artscape, within a market-condominium venture called Aqualina (see Figure 25) (Gadon, 2014).



**Figure 25:** Aqualina development in East Bayfront (Landau, 2014)

This development project is a complex partnership between the City of Toronto, Waterfront Toronto, Artscape, and Hines/Tridel (ibid.). Development was made possible by \$12-million in federal/provincial funding through the Investment in Affordable Housing (IAH) Program, \$7-million in city funding, and \$7-million from Artscape in operating financing (ibid.). Risk was managed through a fixed-price capital budget which included hard costs, soft costs and contingency, and public/city ownership (ibid.). Finally, costs were managed and reduced through variances used to reduce tenant parking spaces, having no cost for the land used, having no environmental cleanup costs (covered by Waterfront Toronto), through a property tax exemption, having no land-transfer tax, and no fee, development, or permit charges for non-profit organizations (Artscape) (ibid.). The project is estimated to be completed in 2018/19. The intricacies of this project are bewildering when taking into account the fact that just 80 affordable rental units are being provided. Nevertheless, complex partnerships are commonplace when affordable housing projects are initiated by the private-sector. Thus far, this is the only affordable housing initiative underway or proposed in East Bayfront.

Although this section has shown that efforts have been made to include affordable housing in waterfront neighbourhoods, the amount included does not come close to the original targets

proposed by Waterfront Toronto in the neighbourhood precinct plans. The original target was that twenty percent of all units along the waterfront be designated for affordable housing. However, thus far the affordable housing development projects in West Don Lands have only equated to twelve percent of the total number of units. In East Bayfront, the development of affordable units has only added up to six percent of the 1,200 affordable units targeted by Waterfront Toronto. The following section looks to interviews with local experts to understand why affordable housing targets have not yet been met, the challenges to the inclusion of affordable housing at the waterfront, and the future of inclusive waterfront neighbourhoods in Toronto.

#### **4.3 Interviews with Local Experts**

Using the expert opinions gathered from the interview process, this section will analyze whether the policies and programs currently in use and/or proposed are doing enough to ensure affordable housing is included along the waterfront. It will also look at whether the different approaches taken in other cities would be possible and/or successful in the Toronto context, particularly in waterfront neighbourhoods. Part of the methodology for writing this report was to conduct a series of interviews with different people who are experts in the residential development of Toronto and its urban waterfront. As mentioned in the methodology section, five people were interviewed from different organizations and sectors. Each of these respondents were chosen based on their individual expertise. Furthermore, it was hoped that a range of stakeholders with varied interests would have different insights into the topic of affordable rental housing included in Toronto's waterfront revitalization.

The five people who were interviewed were from the public sector, the para-public sector, and the non-profit sector. From the public sector, the interviewees included David Stonehouse, the Manager of the City of Toronto's Waterfront Secretariat; and Sean Gadon, the Director of the City of Toronto's Affordable Housing Office. From the private-sector, the interviewees were Amanda Santo, the Director of Development at Waterfront Toronto; and Leslie Gash, the Vice President of Development at Waterfront Toronto. It should be noted that interviewing both of the two representatives from Waterfront Toronto happened together via telephone conference, so when they are mentioned in this paper, they will be cited together (i.e. Gash & Santo, personal

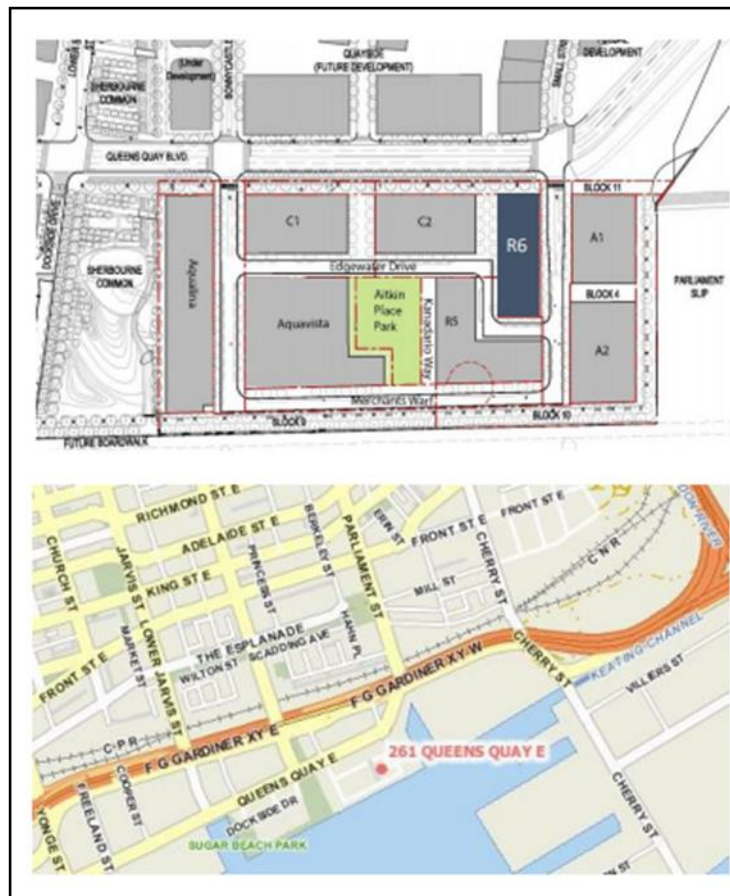
communication). The final interviewee was Nima Kia, the Land Developer from a non-profit housing organization in the GTA. Each interview script included a couple of different questions geared toward that specific person's organizational involvement, but otherwise were very similar questions. A sample of the interview script can be found in Appendix A.

Referring back to Section 4.2, it can be argued that so far not enough has been done to ensure that an adequate supply of affordable housing be included in waterfront neighbourhoods, particularly in West Don Lands and East Bayfront. Although the waterfront precinct plans call for the inclusion of 20- to 25 percent affordable rental housing in these areas, over 12 years of development has not reached that target. To date, of 1,500 planned affordable rental units in West Don Lands, just 496 have been built (33 percent of the proposed target). In East Bayfront, of 1,575 affordable rental units, none has been completed and just 80 are under development (5 percent of the proposed target). When the two interviewees from Waterfront Toronto were asked why these targets are not being met, they replied that the City does not have the funding to build the units (Gash & Santo, personal communication). They also said that although Waterfront Toronto works together with the City and the Province to attempt to build 20 percent affordable rental units, there still needs to be integration with market housing to make this possible (*ibid.*). According to Gash and Santo, part of the challenge is that it is not Waterfront Toronto that builds on this land, but rather there is a reliance on the private-sector to do so (*ibid.*). This challenge is echoed by the public-sector. When respondents were asked about not hitting the mark for affordable housing on the waterfront, David Stonehouse agreed that a major issue is the public-sector receiving funding to be used for building affordable housing units. Stonehouse states: “[for housing] the challenge is always the funding for bricks and mortar...in terms of getting it done and built” (Stonehouse, personal communication).

A lack of public funding for development projects that are set to include a significant portion of affordable units can lead to further problems. Sean Gadon, of the Affordable Housing Office, held: “. . . your risk is that you'll have sites that have been designated affordable housing that indeed will be sterilized, or will [take] a very long time [to be] activated, and we'll risk actually losing them as opportunities for mixed income neighbourhoods and affordable housing.” (Gadon, personal communication). One example of a site that is available for affordable housing



but may risk 'sterilization' is known as 'R6'. This site is located on Queens Quay East near Sugar Beach in East Bayfront (see Figure 26) and was actually brought up by three separate respondents without directly being asked about it. The land is owned by the City of Toronto and it has been estimated that it will be able to hold around 265 homes (Open Door Program, 2017b).



**Figure 26:** R6 site in East Bayfront reserved for the development of affordable housing (Open Door Program, 2017b)

The R6 site is currently used as a parking lot and for construction staging. It is available for development, but there is currently no funding. Sometimes when situations like this arise, the City will look to partner with non-profit housing organizations to develop the land. This is similar to what was done with the Wigwamen or Fred Victor buildings in West Don Lands. But near the waterfront, land value remains a major road block. Nima Kia, from a non-profit affordable housing organization, says that land is often the most challenging piece (Kia, personal communication). Much like private developers, non-profit organizations must build proformas for development, and the building of projects require cash flow. When land value is too high,

non-profits often rely on discounts on land administered by City grants or home assistance programs to offset some of the costs (ibid.). Because land costs are so high in dense urban settings, or potential high-profit areas like the waterfront, non-profit housing groups tend to focus their resources on cheaper options in the suburbs (ibid.). Sean Gadon believes that building on the R6 site could cost anywhere from \$60- to \$80-million, which is not something the City of Toronto is in a position to do either (Gadon, personal communication). Therefore, in instances like this, working with the provincial government is essential if affordable housing is to be built (ibid.).

However, sometimes there are competing interests between different levels of government. In cases where the land that is available for development is provincially owned, the Province is often looking to get the highest and best use from it (Gash & Santo). This usually means selling the land at a premium to developers who want to build luxury condos (ibid.). This type of development is not always what the City wants to see being built. There was a similar proposal by ex-Toronto Mayor Rob Ford that the high-value land near the waterfront should be sold for the most money possible to private developers with no requirement to build affordable housing (ibid.). Council could then use the money to build social housing in other areas with cheaper land values (ibid.). But by doing this, there is a risk of increasing the polarization of neighbourhoods in Toronto, and luckily his plan was never carried out. However, if the province owns the land and does want to get the highest and best use from it, then the City must ensure it has zoning regulations and policies in place to require equitable development projects. In response to a comment about current zoning being out of date, Gadon responded: “we could sharpen our policies to be more directive around what the outcome the city was looking for with respect to housing tenure right now” (Gadon, personal communication). He continued: “Also, specifically saying what portion should be affordable *rental* houses [is necessary for affordable rental housing] as opposed to leaving it up to the marketplace to decide what they will build, because invariably they’ll build condos” (ibid.). If specific regulations requiring affordable rental housing were in place, then it would not matter who owned the land or what type use was being sought. Rather, any interested developer would be bound by a strict regulatory and policy framework that would require the addition of more affordable rental units in development projects.

When asked about inclusionary zoning and the requirement of affordable housing, each interviewee was in favour of the idea, but was of the opinion that the recent proposal announced by the Province of Ontario needs to be amended. Gash and Santo believe that there are issues in with affordable rental housing not included as a requirement from developers, but it is the city's biggest need (Gash & Santo, personal communication). Additionally, they claim that the inclusionary zoning proposal should be amended to include more rental housing and that the units created should be in perpetuity (*ibid.*). Asked whether residents of the city would be open to mixed-income communities in traditionally high-income areas, Stonehouse was of the opinion that Torontonians are ready to get on board with inclusionary zoning, as they see the value of a diverse and dynamic city (Stonehouse, personal communication). Meanwhile, Kia believes that inclusionary zoning is an interesting tool because it is a policy that (when passed by the province) is completely in the municipality's hands and can make real change (Kia, personal communication). But at the same time, for non-profit organizations, Kia believes that financial mechanisms and incentives such as realty taxes are still the most beneficial to help develop social housing (*ibid.*). As the Manager for Toronto's Affordable Housing Office, Sean Gadon was perhaps the most vocal about his opinion of the proposed legislation. He believes that with inclusive zoning "the devil is in the detail" (Gadon, personal communication). With the proposal, municipalities believe that the details are still too constrictive and require cities to provide substantial amounts of money to make it work (*ibid.*). As previously mentioned in Section 2.3, the current legislative proposal would require municipalities to provide 40 percent of the difference between the market price of the unit and the price of affordability designated in each city's policy documents (Reevely, 2017). According to Gadon, the City of Toronto would not be able to cover these costs (Gadon, personal communication). Furthermore, rental housing was excluded in the inclusionary zoning proposal. At the end of the day, with the current version of the policy, the private-sector still has a great deal of power in deciding the type and amount of affordable housing supply (*ibid.*). To deliver positive results and impact supply, inclusionary zoning needs to outline specific ways to deal with rental housing and must also be a tool that municipalities can use to avoid having to use the scarce resources they have at their disposal (*ibid.*). Gadon spoke about rental-only zoning to help raise the vacancy rate which at this time in

Toronto is near 1 percent (ibid.). This is similar to what is being lobbied for in Vancouver, as was previously mentioned in Section 3.3.

When asked about leveraging publicly owned land by selling it cheap in exchange for affordable rental housing – like what is done in Vienna and is being examined in Vancouver with community land trusts – interviewees had mixed opinions. Gash and Santo from Waterfront Toronto are of the belief that this is still a difficult task because the land is not necessarily free (Gash & Santo, personal communication). Costs associated with publicly-owned land near the waterfront include environmental remediation costs, servicing, and in the case of the Port Lands, connecting the neighbourhood to the city transit network (ibid.). Sean Gadon is of the belief that “the city should lead by example, so where we have public lands we should be incorporating a plan that includes affordable housing” (Gadon, personal communication). An additional program that Gadon believes will help make more public land available for development is the Open Door Program. This program was developed in 2016 and provides incentives such as tax relief and speeding up the development proposal process. These requirements have been introduced to support the construction of purpose-built rental housing and affordable rental housing. Gadon suggests that the Open Door Program makes development on publicly owned land more likely, as it will make it possible for the municipality to sell land below market value to private-sector developers. This will hopefully result in a greater supply of rental and affordable rental housing being built, since the upfront costs will be lower (ibid.). For projects like the aforementioned R6, the program could make development cheaper through various incentives, hopefully attracting development proposals from the private and non-profit sectors. The Open Door program may also help non-profit developers that enter into more affordable housing partnerships with the municipality (Kia, personal communication). This can be done not only by the program providing financial incentives for the development of affordable housing, but also by speeding up the development application process. The approval process for development can sometimes take upwards of 24 months in Toronto, and just for financing that can be extremely expensive (ibid.). In theory, the Open Door Program speeds up that process to six months or less, which means the non-profit sector can afford to undertake more development projects and build more affordable housing in the city (ibid.).

Due to the fact that Sidewalk Labs' proposed smart neighbourhood in Quayside has been a hot topic in the news for the last several months, interviewees were asked what the City of Toronto and Waterfront Toronto should do to ensure that the planning process is inclusive and that development meets the affordable housing needs of the city. The representatives from Waterfront Toronto admitted that it is still early in the planning process, but stated that Sidewalk is a wealthy company with a lot of resources that they could use to help the revitalization of the waterfront (Gash & Santo, personal communication). Nevertheless, the challenge is how the City and Waterfront Toronto ensure there are an adequate number of affordable housing units in the project (ibid.). Waterfront Toronto has partnered with Sidewalk Labs in a new organization called 'Sidewalk Toronto' to create a model of development that is fair and equitable. They are currently conducting interviews, consulting with experts, have an advisory board, and conducting research on how to best go about this type of development (ibid.). Meanwhile, the Waterfront Secretariat's Office wrote a report in January 2018 with the message that the focus of the proposed Sidewalk development is fundamentally a 12-acre project in Quayside, not going beyond into the Port Lands and Villiers Island, as has been suggested (Stonehouse, personal communication). The report also stated that the Secretariat's Office will treat this proposal the same way they treat any development application, and the *Planning Act* obligations will apply to this project just as they would to any other (ibid.). Although Stonehouse can see the value of a company with Sidewalk's stature being interested in developing in Toronto, it is still very early on in the process, so there is a need for more detail before decisions can be made (ibid.). But he was also adamant that the same approach would be taken with this development as would be required with any project, including requiring 20 percent of residential units be affordable (ibid.).

The non-profit sector is also intrigued about this development, not because of the hype involved with a big tech firm wanting to develop, but more so the possibility of unlocking the wealth of land available in the Port Lands area (Kia, personal communication). Kia is of the belief that any non-profit would be willing to partner with Sidewalk Labs to help provide affordable housing in the area (ibid.). He also sees a benefit to waterfront land opening up for development and the creation of communities for people of all income levels living in close proximity to jobs (ibid.). However, with any development on the waterfront the cost of land and development is extremely

high, so to overcome this challenge non-profit organizations would have to rely on financial offsets to make a project viable (ibid.).

Respondents were also asked whether they believe the City of Toronto, through its current policies, programs, and zoning, has done enough to ensure that affordable housing is included in the waterfront revitalization process. The Waterfront Toronto representatives were quick to state that the organization wants to do better to increase the amount of affordable units that have been built over the past 12 or so years since the redevelopment process began (Gash & Santo, personal communication). At the same time, they needed to start with something [referring to West Don Lands] and improve based on lessons learned from that experience (ibid.). Councillor Fletcher, who is the councillor for Ward 30, wants to include a minimum of 30 percent affordable housing in the Port Lands, so that is something that Waterfront Toronto will look to pursue through updated policies in the waterfront precinct plans (ibid.). David Stonehouse, on the other hand, is satisfied with the amount of affordable housing included along the waterfront thus far (Stonehouse, personal communication). Stonehouse mentioned that there is a new phase of affordability coming up and the Waterfront Secretariat needs to make sure it will meet those targets (ibid.). However, in terms of current policies (20 percent affordable housing in waterfront neighbourhoods), he believes that Council needs to consider more ambitious targets (ibid.). With the Port Lands examining a target of 30 percent affordable residential units, larger targets could be met. Nima Kia did not comment specifically on whether enough is being done, but did say that land is too expensive for non-profit developers to be regular players near the waterfront, so perhaps this is an area that could use some improvement (Kia, personal communication). Sean Gadon from the Affordable Housing Office is not convinced enough is being done, not just on the waterfront, but the city as a whole. Gadon believes the City “should be looking to inject new sources of funding itself into affordable housing to bolster our own programs” (Gadon, personal communication). Referring to solving the affordability crisis through building more affordable housing, Gadon stated:

“We're chipping away at the iceberg but there's a lot of the iceberg below the surface that we're not getting to and we need to double, triple, quadruple, our efforts. We're trying to deliver 1,000 units per year in rental housing, which is challenging. But when you look at



the backlog of need and also the growth of the city...in earlier times when we had a robust social housing program we were delivering 5,000 units a year as opposed to 1,000. So when you look at the pace of development, 15,000 to 20,000 units of new condos per year...to keep pace we should be we should be 4,000 new affordable [housing units].” (ibid.).

When asked whether Canada should look at a switch back to more of a welfare system of supplying social housing, Gadon did not disagree, but instead suggested new housing programs need to be created that can meet both current and future demand (ibid.). Because the housing market is so hot in Toronto, there is little motivation for private developers to build rental or affordable rental units, and as such there are a lot of people who are being ‘squeezed out’ at the very low end (ibid.). Gadon believes that this part of the housing sector needs a lot more attention than it has received in the last 15 to 20 years, otherwise people are going to keep struggling to pay rent (ibid.).

#### **4.4 Summary**

The revitalization of the waterfront has been a long and complex process. It has required all three levels of government to work together along with private-sector developers, the non-profit sector, and Toronto residents, in order to progress. Since building along the waterfront is more expensive due to high land values and environmental challenges, Toronto has seen the rise of high-end, luxury development projects. Unfortunately, this has been at the expense of building affordable housing units, and as a result, there has not been enough built along the waterfront as outlined by the neighbourhood precinct plans. Although there have been a few affordable housing projects completed in the West Don Lands and one nearing completion in East Bayfront, the overall number of affordable housing units is well off the original target of twenty percent set out by Waterfront Toronto in each respective waterfront precinct plan. Meeting ambitious affordable housing targets in the Port Lands neighbourhood is imperative to the equity of Toronto's waterfront. In order to do so, the City must be assertive in their demands for affordable housing from any proposed development project. The waterfront has garnered international media attention recently with the Google-associated company Sidewalk Labs expressing its interest to develop a so called ‘smart city’ in Quayside. However, the planning process thus far



has not been as transparent as it could be, and there is still speculation as to what the company's main intentions are in building in Toronto. There are also concerns with data-ownership, governance structure, public involvement in the planning process, and inclusive development strategies.

Funding for public-sector development of affordable rental housing was the biggest challenge brought up by respondents in interviews. Furthermore, supposedly 'dull' public-policy and 'outdated' zoning and regulations were claimed by some respondents to be a major reason why it is difficult to require private-sector developers to build affordable units. All interviewees suggested that the City of Toronto needs to do better in providing social housing, especially on the waterfront. Although some respondents are happy that *some* affordable housing has been built along the waterfront, all agree that there is room for improvement. Experts also recommended the City be more involved in the social housing sector, but this will require widespread systemic change. The following chapter will summarize the key themes explored in this report and discuss what Toronto has to do in order to improve its ability to provide affordable housing along the waterfront and throughout the rest of the city.

## **Chapter 5: Conclusion**

### **5.0 Discussion**

The purpose of this study was to explore what the City of Toronto is doing to ensure equitable housing in its waterfront revitalization and what it could be doing. Through the study of current policies, regulations, and programs at the federal, provincial, municipal, and precinct level, it was found that revisions must be made in the current housing system used for affordable housing. Mixed-income neighbourhoods are in short supply in Toronto, with polarization increasing annually. The urban waterfront, with its high land value, is at risk of becoming an exclusive community for the rich if the current housing trends continue. Analysis has shown that there are several innovative affordable housing policies being implemented in cities around the world, and so Toronto would be wise to consider adopting similar strategies to address its own affordability issues.

The waterfront presents a unique opportunity to add a plethora of affordable rental units in the inner city. The area's abundant supply of publicly-owned land, underutilized land uses and high vacancy rates, high public investment in revitalization efforts, proximity to downtown, and ability to serve as a model for the future development of mixed-income neighbourhoods are all legitimate reasons to pursue a housing mix along the waterfront. If successfully planned, the waterfront will become an inclusive community that not only reduces polarization, but also contributes to the social, economic, and environmental sustainability of the city.

As previously mentioned, to ensure Toronto's waterfront can develop successfully into a mixed-income, inclusive community, there need to be improvements to the overall housing system. Since the time of devolution in the mid-90s, municipalities in Canada have struggled to come close to building the number of social housing units that were previously supplied with federal intervention. The neo-liberal political landscape in Canada at that time proved to be the downfall of an equitable housing system from which many large cities have yet to recover from. Toronto went from building around 5,000 new affordable rental units annually under a social welfare system, to not being able to build 500 under the current structure. Research and expert opinion have shown that the reason for the lack of government funding for the construction of affordable units. As a result, municipalities are forced to rely on the private-sector to supply the majority of

affordable housing stock. However, in hot housing markets, there is little motivation for residential developers to include many affordable rental units in their projects, a typology which is in short supply and high demand. Furthermore, current public policy is considered dull and unable to obtain much social benefit and zoning regulations for affordable housing are arguably out of date.

Nevertheless, there are options that can help strengthen Toronto's ability to obtain affordable rental housing. A social housing system similar to Vienna's is one such way. Although the city has a long history of social policies stretching back to the *Red Vienna* regime, something that does not exist in the North American context, aspects of this system can certainly be adopted in Toronto. Leveraging public land to gain social housing is a strategic way to go about doing this in waterfront neighbourhoods. This strategy is currently being tested in Toronto with calls for proposals for several sites in the West Don Lands, a fact that shows it is certainly possible to use the strategy on a regular basis. However, there are challenges to this strategy as public land often sits vacant while the city waits to find proper funding for development. Therefore, the City needs to better utilize policies and programs such as the Open Door program which makes it easier and cheaper for the private-sector to acquire and develop affordable housing on publicly owned land. Toronto also must look at sharpening their current policy requirements to guarantee affordable housing requirements are included in residential developments. This can be done through higher government intervention, and by enacting inclusionary zoning legislation similar to what is being done in Seattle. Mandatory affordable housing requirements would help increase the supply of low-to-moderate-income units without the city having to face the usual challenge of procuring funding. This tool would be especially effective on the waterfront. Since the area has such high property values, private-sector developers will build regardless, so it is a prime opportunity for the city to get something for the public good. But in order for this to be successful, the current edition of the province's proposed inclusionary zoning legislation must be amended to allow for rental units, perpetuity, and less financial obligation for the municipality.

Another strategy that should be experimented with in Toronto is commercial linkage fees, like what is being enacted in Seattle. Due to the fact that funding for affordable housing projects is difficult to obtain, this sort of policy would require developers to pay into a fund that can be used

by the City to build affordable housing. An additional approach that would be interesting for Toronto to pursue is community land trusts. In Vancouver, land trusts are being looked at by planners and City Council to provide some relief in the only Canadian housing market less affordable than Toronto's. Land trusts have been successful in keeping rents low in Vancouver's False Creek neighbourhood which has a lot of similarities to Toronto's waterfront. Therefore, there is reason to believe that this sort of technique would work just as well in Canada's largest city.

Rental-only zoning is another strategy being explored in Vancouver which may also work well in Toronto. With a hot real estate market in both cities, there is little incentive for residential developers to build anything except high-value condominiums. The result is an insufficient supply of purpose-built rental buildings and an extremely low vacancy rate. If Toronto were to pursue this sort of zoning in targeted zones, it could be a powerful tool in dealing with land price escalation. Furthermore, it would give rental housing supply the opportunity to catch up to market housing, especially if zones targeted are located in desirable places to build such as the waterfront. Implementing this type of zoning would also help lower rent prices in the city by creating more supply, a sort of shot in the arm for the invisible hand.

All of the aforementioned strategies to help improve affordability show that there are plenty of options for Toronto to ensure an equitable waterfront. But the City needs to be bold if this is to occur. One of the most difficult challenges a city faces is a shift in political culture. But a culture shift is imperative to implement the systematic change necessary to provide social sustainability. This will include disturbing a system that has allowed the private-sector the profit greatly at the expense of the greater public good. Toronto needs to stop catering to the every whim of the private-sector for fear of discouraging development. However, one cannot blame residential developers for working within the confines of the existing housing system. At the end of the day, developers invest a great deal of money and take on an incredible amount of risk whenever they build a new project. This is especially the case in instances where the initial cost of land is quite high, as it is near the waterfront. Many private-sector developers actually do comply with the regulations that are in place and also contribute to various city improvements through section 37 of the Planning Act. Yet developers will always attempt to provide as few affordable rental

housing units as possible under City policies and regulations, because they need to cover their costs and make a profit. But cities with high growth – such as Toronto – still have a need for a plethora of new housing stock. Private-sector developers know this, and so even with stricter policies and regulations stating requirements for the inclusion of affordable housing units, development will still inevitably happen. The onus is therefore on the public-sector to usher in systematic change that helps address the serious affordability issues that exist today.

At the same time, all three levels of government need to work together to find ways to obtain more funding for social programs, which can subsequently be used to provide more affordable housing than is currently being built. This may mean having to do something drastic, like introducing a universal tax that will be used for social housing (see: Vienna). But all things considered, if Toronto is going to stop the growing inequality in neighbourhoods, there must be wide-scale change. What better place to show that can be done than the waterfront? Interviews with housing and waterfront development experts have shown that it will be difficult, but not impossible. Information gathered suggests that more public-sector intervention is necessary to ensure that Toronto's waterfront neighbourhoods do not intensify the city's rising polarization.

There are plenty of options and bold strategies that could help alleviate affordability issues, many of which have relatively high feasibility. The first step toward addressing the affordability issues in the city is an amendment to the planned inclusionary zoning legislation. Every respondent suggested that the Government of Ontario completely missed the mark with the current manifestation of the proposed regulation. However, there was no denying that inclusionary zoning, if done properly, would be a powerful tool for the City of Toronto to ensure a mix of housing in high-density residential developments in a range of neighbourhoods. Other options that could have a genuine effect in waterfront neighbourhoods are rental-only zoning and community land trusts. The former strategy would guarantee rental housing in high-value sites, while the latter would allow the public-sector to control development and put down minimal investment.

Most importantly, the public-sector needs to be willing to leverage the overabundance of publicly-owned waterfront land to build housing for low-to-moderate income residents. Some people claim that this may not be the best use of this land, and that the City would be better off

selling it for large sums of money that can then be used to build affordable housing in other areas of the city. But doing so would be a wasted opportunity, and would actually be adding more steps (and time) to achieve something that is already possible. Rather, the City needs to be willing to sell or lease the waterfront land that it owns to private-sector residential developers who would then be able to supply more affordable units as a result of having lower upfront development costs. To reiterate, although the inclusion of affordable housing along Toronto's waterfront will be challenging, it is not impossible. People just have to start making waves.

### **5.1 Future Work**

The first step in future work for this topic is to bring this report to the attention of Toronto City Council. Although Council are likely already aware of the problem at hand, the aim of this report will be to encourage political and systematic change and continue to research whether any alternative strategies and systems can be discussed as legitimate options. The second step would be to bring the research to the attention of the public. It would be helpful to create surveys or questionnaires to assess what the residents of Toronto would like to see happen with the revitalization of the waterfront. The third step would be to work in conjunction with Waterfront Toronto and the Waterfront Secretariat's Office to ensure that the waterfront redevelopment process are open and the projects that are outcomes of this process are inclusive to people of all levels of income.

The fourth step would be to continue exploring more plans, policies, strategies and regulations that will help improve the affordability for future residents of the Toronto waterfront. Since there were time constraints in the writing of this report, only three specific cities were analyzed. However, there are dozens of cities worldwide that are leading the charge for more affordable housing. Denver Colorado, Portland Oregon, and Burlington Vermont are three examples of other cities that have taken steps to address issues of affordability. Finally, with Toronto's unique waterfront situation, the city has the opportunity to become a model of equitable waterfront development. If revitalization efforts are guided with more public intervention and stricter policies geared towards the inclusion of low-and-moderate-income rental housing, then Toronto can show the world that urban waterfronts really are for everyone.

**Appendix A:**  
**Recruitment email to participants**

Subject: Research Project – Ensuring Housing Equity on Toronto's Waterfront

Dear [Name],

I am a student in the School of Urban Planning at McGill University. I am currently conducting a strategic research project looking at how the City of Toronto can ensure housing equity on its waterfront. My research supervisor is Dr. Raphaël Fischler.

For this research I am interviewing a range of municipal urban planners, community group representatives, members of Waterfront Toronto, and local government officials about their experiences and thoughts on whether they think enough is being done to include affordable and social housing within revitalization projects. I thought you would be a helpful person to speak with on the subject. Your participation in the study would consist of an in-person interview of about one hour, conducted at whichever location, day, and time is most convenient for you.

Your participation would, of course, be entirely voluntary and you could decide to stop participating at any time. The interview can be completely confidential if you wish for it to be so, and your anonymity will be protected. Selections or the entirety of your remarks may be published in white papers or other reports, or in academic journal articles resulting from the study. These remarks, do not have to be attributed to your name, nor, if you prefer, your organizational affiliation.

Thank you for your time. Please let me know if you are interested in participating.

Warmest regards,

Evan Brazeau

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514-621-0633

**Supervisor:** Dr. Raphaël Fischler  
**Email:** Raphael.Fischler@mcgill.ca



## Appendix B

### Participant Consent Form

**Researchers:** Evan Brazeau, evan.brazeau@mail.mcgill.ca, 514-621-0633  
**Supervisor:** Dr. Raphaël Fischler, Raphael.Fischler@mcgill.ca, 514-398-4075

**Title of Project:** *Making Waves: Ensuring Housing Equity on Toronto's Urban Waterfront*

**Purpose of the Study:** You have been invited to take part in a research study on how Toronto can ensure housing equity on its waterfront. This study will be conducted by Evan Brazeau, a graduate student of the School of Urban Planning at McGill University and supervised by Dr. Raphaël Fischler.

Ensuring housing equity on urban waterfronts is important. With post-industrial port cities such as Toronto rapidly revitalizing their waterfronts, developers are enticed by constructing high-end residential developments in an extremely desirable area. However, there is risk of creating a community where only those with high incomes are included. To combat this, there needs to be strict policies in place which ensure a mix of housing for people of all income types on waterfront redevelopment projects. The purpose of this study is to research the current policies and practices that are in place to include affordable housing within Toronto's urban waterfront revitalization, and to analyze whether these regulations have been successful in doing so.

**Study Procedures:** Your participation in this study will consist of an in-person interview of about one hour, conducted at whichever location, day, and time is most convenient for you. With your consent, the interview will be recorded so that an accurate transcription of your remarks can be made; the recording will not be publicly released in any form, and is solely to aid the quality of the research. In some cases, you may be contacted for a brief follow-up interview by phone or email, although you will be under no obligation to participate in this follow-up.

**Voluntary Participation:** Participation in this study is voluntary. You may refuse to participate in parts of the study, you may decline to answer any question, and you may withdraw from the study at any time, for any reason. If you decide to withdraw from the study, any information you have provided will be destroyed unless you give permission otherwise.

**Potential Risks:** There are no anticipated risks to you by participating in this research.

**Potential Benefits:** Participating in the study might not benefit you directly, but we hope to learn more about how Toronto can ensure affordable and social housing in all neighbourhood types.

**Compensation:** No compensation is offered as part of this study.

**Confidentiality:** Unless you specifically indicate otherwise (below), your name and organization will not be associated with any of your comments in reports arising from this research. In the course of the research, the principal investigator will collect no information about you beyond your name, your organizational affiliation, and the comments you make during the interview.

If you wish to remain *completely confidential* or *partially confidential*, your identity will only be known to the principal investigator (Evan Brazeau). Your full identity will only be shared if you choose to have

*no confidentiality.* Please note that no matter which level of confidentiality is chosen by the participant, all data will be coded and stored in a password-protected, encrypted file on a computer which only the principal investigator can access. Additionally, the principal investigator will be the only one with access to identifiable study materials.

If you give your consent, the interview will be audio recorded, but the audio recording is solely for the use of the researcher to improve the accuracy and quality of the research. Audio recordings will never be disseminated in public. The results of the research will be disseminated to the McGill School of Urban Planning, in peer-reviewed journal articles, presentations at scholarly conferences, and interviews with the media.

You have two options relating to your confidentiality in the dissemination of research results:

Yes: \_\_\_\_\_ No: \_\_\_\_\_ You consent to be identified by name in reports.

Yes: \_\_\_\_\_ No: \_\_\_\_\_ You consent to have your organization's name used.

You have an option relating to the audio recording of your interview:

Yes: \_\_\_\_\_ No: \_\_\_\_\_ You consent to have your interview audio recorded to improve the accuracy and quality of the research. Audio recordings will never be disseminated in public. The principle investigator, Evan Brazeau, will be the only one who has access to the audio recordings.

**Questions:** If there is anything about the study or your participation that is unclear or that you do not understand, if you have questions or wish to report a research-related problem, you may contact Evan Brazeau at 514-621-0633 or [evan.brazeau@mail.mcgill.ca](mailto:evan.brazeau@mail.mcgill.ca).

If you have any ethical concerns or complaints about your participation in this study, and want to speak with someone not on the research team, please contact the McGill Ethics Manager at 514-398-6831 or [lynda.mcneil@mcgill.ca](mailto:lynda.mcneil@mcgill.ca).

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*Please sign below if you have read the above information and consent to participate in this study.*

*Agreeing to*

*participate in this study does not waive any of your rights or release the researchers from their responsibilities. A copy of this consent form will be given to you and the researcher will keep a copy.*

*Participant's Name: (please print)* \_\_\_\_\_

*Participant's Signature:* \_\_\_\_\_ *Date:* \_\_\_\_\_

## Appendix C

### Interview Script (Sample)

Introduction: Thank you for agreeing to be interviewed. I have several questions about your perspective on equitable waterfront development in Toronto. You do not have to answer any of my questions. If anything is unclear, please ask me to clarify. Finally, if for any other reason you prefer not to answer a question please let me know, and we can skip it.

1. Please tell me a bit about your position and how your organization goes about advocating for affordable housing in waterfront developments.
2. What are the most effective policies that exist today which help ensure housing equity on developments in Toronto?
3. What is your opinion of the current policies, zoning, regulations, and procedures that exist today to include affordable housing along the waterfront? In particular, what is your opinion on the proposed inclusive zoning legislation? Do you have any suggestions to improve its layout?
4. Do you believe the current policies are doing enough to include housing for all income types throughout waterfront neighbourhoods?
5. Having reviewed the Central Waterfront Secondary Plan, as well as the waterfront precinct plans, it seems as though the inclusion of affordable rental housing has fallen short of the specified targets. Can you explain why this is?
6. Do you think it will be different in the Port Lands revitalization process?
7. What are some current challenges facing the inclusion of equitable housing in Toronto's waterfront revitalization? What can Waterfront Toronto do to overcome these challenges?
8. What do you think needs to change within the current planning framework to ensure private sector actors adhere to the regulations imposed on them to include affordable housing units within their development projects? Should there be firmer use of Section 37 of the Planning Act?
9. Do you think that the public sector should have a greater role in building affordable rental and social housing like they did 25-30 years ago? Or should there be another system introduced rather than letting the market dictate the inclusion of affordable housing?
10. Do you believe the current stock of affordable housing along the waterfront (i.e. West Donlands and East Bayfront) is enough to meet the needs of lower-income residents in need of housing and to make the waterfront an inclusive place for everyone?
11. Are there any future projects on the horizon that will add a sufficient amount of low-income, affordable rental housing to help make waterfront neighbourhoods inclusive?

12. When it comes to major reclamation projects, such as the proposed Sidewalk Labs 'smart neighbourhood' in the Port Lands, how does the City of Toronto and Waterfront Toronto ensure that the development process is inclusive and meets the needs of the City?
13. What are some of the challenges that may arise from this sort of development project? What are some possible benefits?
14. There is an idea that the City should be trying to replicate neighbourhoods such as Leslieville, Parkdale, the Annex, or Kensington when planning new communities along the waterfront. Do you think that this model can be successful, like it was in the St Lawrence neighbourhood, or have there been too many changes in housing for it to work?

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