

MARCH 2024

Housing Supply Mix Strategy 1: Preservation

The first step to solving the housing crisis is to preserve
Canada's affordable housing stock



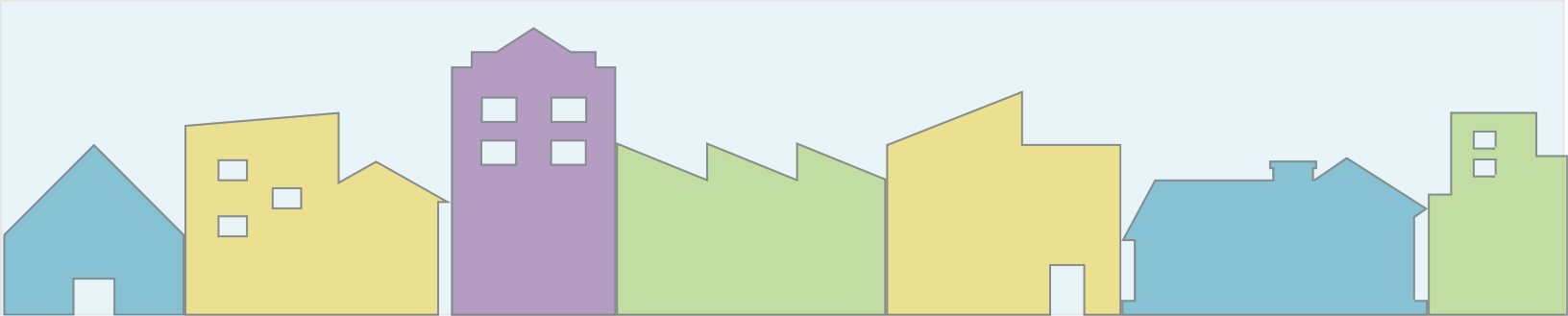
City
Building



UNIVERSITY OF
TORONTO



SUPPLY MIX RESEARCH
SUBMITTED TO THE TASK FORCE
FOR HOUSING & CLIMATE



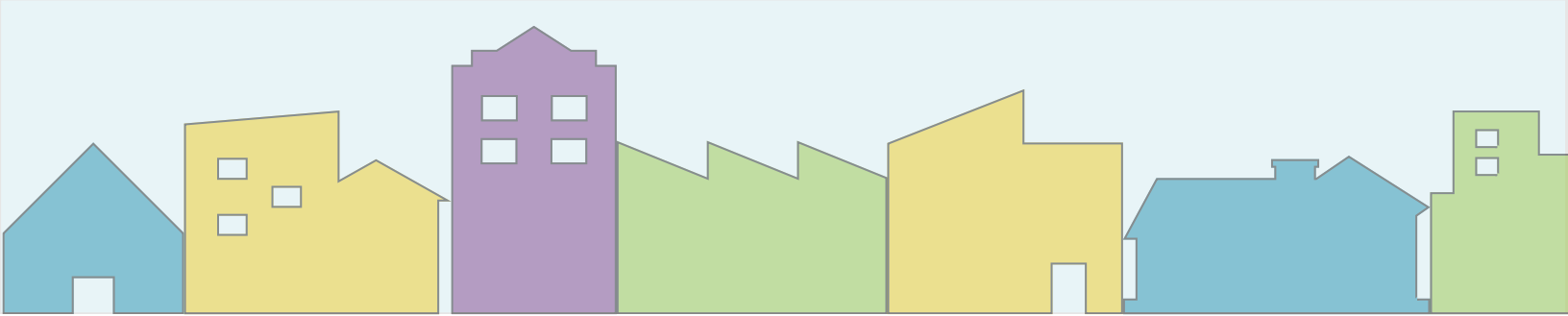
The Issue

For every new affordable housing unit created in Canada between 2011 and 2021, ten affordable homes were lost.¹ Canada is losing its existing affordable rental stock via processes of “renoviction,” (evicting tenants to renovate and then hiking the rent) “demoviction,” (demolishing affordable buildings for redevelopment to achieve higher densities), and the filtering up of affordable housing to affluent households.² Further weakening the affordable guardrails are measures such as Bill 97 in Ontario, which removes previous rental replacement policies that required developers to deliver the same number of affordable units as they demolished.³ Short-term rentals can also accelerate the loss of affordable rental units. More efforts directed at preservation, such as acquiring affordable housing at risk of financialization or gentrification and retrofitting existing units, would help to address the affordability crisis in the long term.

Financialization of housing disproportionately impacts racialized people and low-income households

Processes of new apartment construction, upward filtering, renovations and demolitions have clear equity implications, with disproportionate impact on racialized people and households who are economically disenfranchised.⁴ Compounding the issues is the fact that many older apartment towers and complexes suffer from aging materials and systems costly to repair or replace, and high GHG emissions due to significant energy consumption,⁵ suggesting a need not just for preservation but for deep retrofits.





Research and Findings

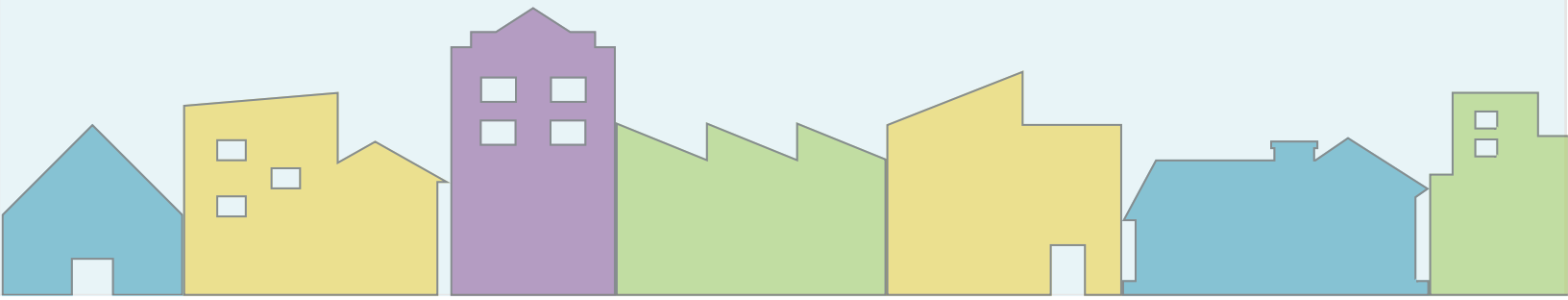
Acquisition strategies preserve affordable rental housing

To preserve and protect affordable rental supply, acquisition strategies put affordable older apartment complexes in the hands of agencies that promise to keep the rents low – in other words, “buy instead of build.”⁶ Examples of this strategy have already begun to emerge across Canada. British Columbia recently announced \$500 million in rental protection funds to help First Nations, co-operatives, community land trusts and not-for-profit groups buy older rental buildings to preserve them as low-cost rental housing, and to replace them when in poor state of repair while protecting tenants.⁷ In Halifax, a private company is buying up affordable housing properties to renovate and maintain affordability as well as increase security for current tenants, in a business model predicated on the fact that there is tremendous demand for more affordable rental. By engaging tenants in community building and offering employment to help with repairs and upgrades tenants are incentivized to care for the property with a long-term view of rental security.⁸

Retrofitting existing housing provides a green alternative to demolition

On the sustainability and preservation side, experts such as those at the Pacific Institute of Climate Solutions at the University of Victoria present evidence supporting retrofits and preserving affordable housing and embodied carbon alternatives.⁹ On the building performance and climate side, the new Deep Retrofit Accelerator Initiative from the federal government offers significant funding for deep retrofits for mid-rise and high-rise residential buildings.

Strategies are already in place to evaluate and improve the existing supply of older apartments. Organizations and local governments across Canada offer programs such as the City of Toronto’s “Taking Action on Tower Renewal” to help private rental building owners assess their properties, plan for energy retrofits and evaluate results. Many other agencies (ex. Canada Infrastructure Bank, Green Communities Canada, Pembina Institute, TRCA) are working on parallel decarbonization and retrofit strategies.



Strong rental replacement policies are required

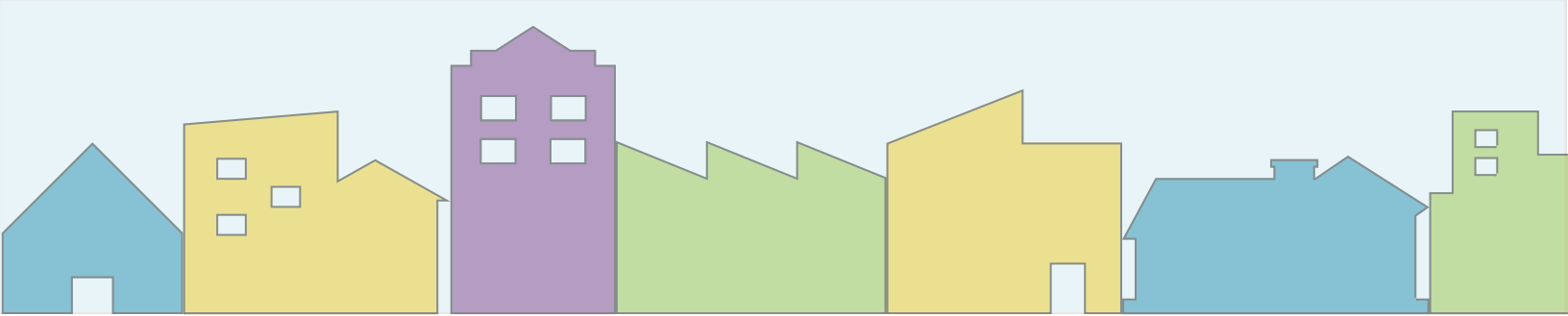
In some cases, it may be more efficient to replace older buildings with new housing to higher standards. However, much of this stock is worthy of preservation and without adequate protection, units will be lost in our housing supply faster than they can be replaced due to development pressures and financial investment. To this effect, stronger replacement policies can serve to both replace affordable homes and deter the loss of these homes in the first place.¹⁰



Conclusion

Without preservation strategies, Canada will continue to lose more affordable housing than it builds

Just like conservation is the first step to building an energy supply mix, we must look at preservation of existing rental stock in buildings that offer rents on the lower end of the market as an important supply strategy. Comparing affordability and suitability (i.e., size and number of bedrooms), preserving existing stock is a faster and more secure way of ensuring affordable supply, particularly given the precarity of rental replacement policies.¹¹



Key Recommendations for Preservation by the Task Force for Housing and Climate

Top recommendations in the National Task Force on Housing and Climate's *Blueprint for More and Better Homes* include:

- Protect lower-rent market housing through an acquisition program that empowers community land trusts, non-profits, co-operatives and municipal agencies to acquire and preserve existing lower rent market housing at risk of being bought by investment companies. The acquisition program could help purchase existing rental housing projects and hotels and facilitate office-to-residential conversions. (Federal)
- Create a federal acquisition fund and various tax tools to help non-profits, co-ops and municipalities acquire and protect lower-rent market housing at risk of financialization, upward filtering and renoventions. (Federal)
- Financing to upgrade the existing housing stock to make it more accessible, climate friendly and energy efficient. (Federal)
- Preservation of existing community and supportive housing beyond the edge of mortgage expirations and capital repairs for aging buildings. (Provincial)



Endnotes

1. Over 550,000 affordable units were lost from 2011 to 2021, with the NHS only committing to build 57,000 affordable units since 2018; Steve Pomeroy, “Updating analysis on erosion of lower rent stock from 2021 census,” Canadian Housing Evidence Collaborative (2022), <https://chec-ccrl.ca/wp-content/uploads/2022/10/Updated-Analysis-on-Housing-Erosion-from-2021-Census-Steve-Pomeroy.pdf>
2. Steve Pomeroy, “Why Canada needs a non-market rental acquisition strategy,” Focus Consulting Inc, (2020, May), [https://www.toronto.ca/legdocs/mmis/2023/cc/bgrd/backgroundfile-236401.pdf](https://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/#:~:text=Such%20non%2Dmarket%20acquisition%20can,to%20preserve%20affordability%20in%20perpetuity; Jonathan Spader, “Has housing filtering stalled? Heterogeneous outcomes in the American Housing Survey, 1985–2021,” Housing Policy Debate, (2024), 1–23, DOI: 10.1080/10511482.2023.22982563. Chief Planner and Executive Director, City Planning. “Toronto Report for Action: Bill 97 -Recommended Response to Proposed Provincial Regulatory Framework on Rental Replacement,” (2023, May 8), <a href=)
4. Nemoy Lewis, “The Uneven Racialized Impacts of Financialization,” The Homeless Hub, (2022), <https://www.homelesshub.ca/resource/uneven-racialized-impacts-financialization>.
5. Kevin J. Lomas, “Summertime overheating in dwellings in temperate climates,” Buildings & Cities, 2(1), (2021), 487–494, DOI: 10.5334/bc.128
6. Joseph Daniels and Martine August, “Acquisitions for Affordable Housing: Creating Non-market Supply and Preserving Affordability,” University of British Columbia, (2023).
7. CHFBC, “BC opens \$500M Rental Protection Fund”, CHF BC, June 20 2023, <https://www.chf.bc.ca/bc-opens-500m-rental-protection-fund/#:~:text=A%20%24500%2Dmillion%20rental%20protection,as%20low%2Dcost%20rental%20housing>.
8. Vernon Ramesar, “Halifax company buying dozens of affordable housing properties from TELUS investment fund”, CBC News, May 7 2021, <https://www.cbc.ca/news/canada/nova-scotia/affordable-housing-halifax-telus-vida-living-1.6017343#:~:text=Nova%20Scotia-,Halifax%20company%20buying%20dozens%20of%20affordable%20housing%20properties%20from%20Telus,by%20Telus%20corporate%20pension%20plans>.
9. PICS, “Making Embodied Carbon Mainstream”, PICS, May 18 2021, <https://pics.uvic.ca/research/making-embodied-carbon-mainstream>
10. A Toronto Councillor advanced a motion requiring developers to build twice the number of affordable units lost to demolition with same size and bedrooms.
11. Toronto City Council, “Notice of Motion: Rental Demolition Permits and Market Rentals - by Councillor Dianne Saxe, seconded by Mayor Olivia Chow,” (October 11, 2023), <https://www.toronto.ca/legdocs/mmis/2023/mm/bgrd/backgroundfile-239687.pdf>

Authors:

Written by Cherise Burda and Karen Chapple

The authors would like to thank the following individuals for their contribution to and/or review of this publication:

Ahmad Al-Musa, Sami Ferwati, Claire Pfeiffer, and Sarah A. Smith

Design by:

Tony Chang

These Housing Supply Mix Strategy briefs are derived from research commissioned by the Task Force for Housing and Climate www.housingandclimate.ca

General inquiries:

Contact us at schoolofcities@utoronto.ca or 1-416-946-7534

Learn more about us at schoolofcities.utoronto.ca

**Toronto
Metropolitan
University**

**City
Building**



UNIVERSITY OF
TORONTO

**SCHOOL
OF CITIES** 