

# A 'Housing Affordability' Problem? & Market Failure in Canada's Private Rented Sector

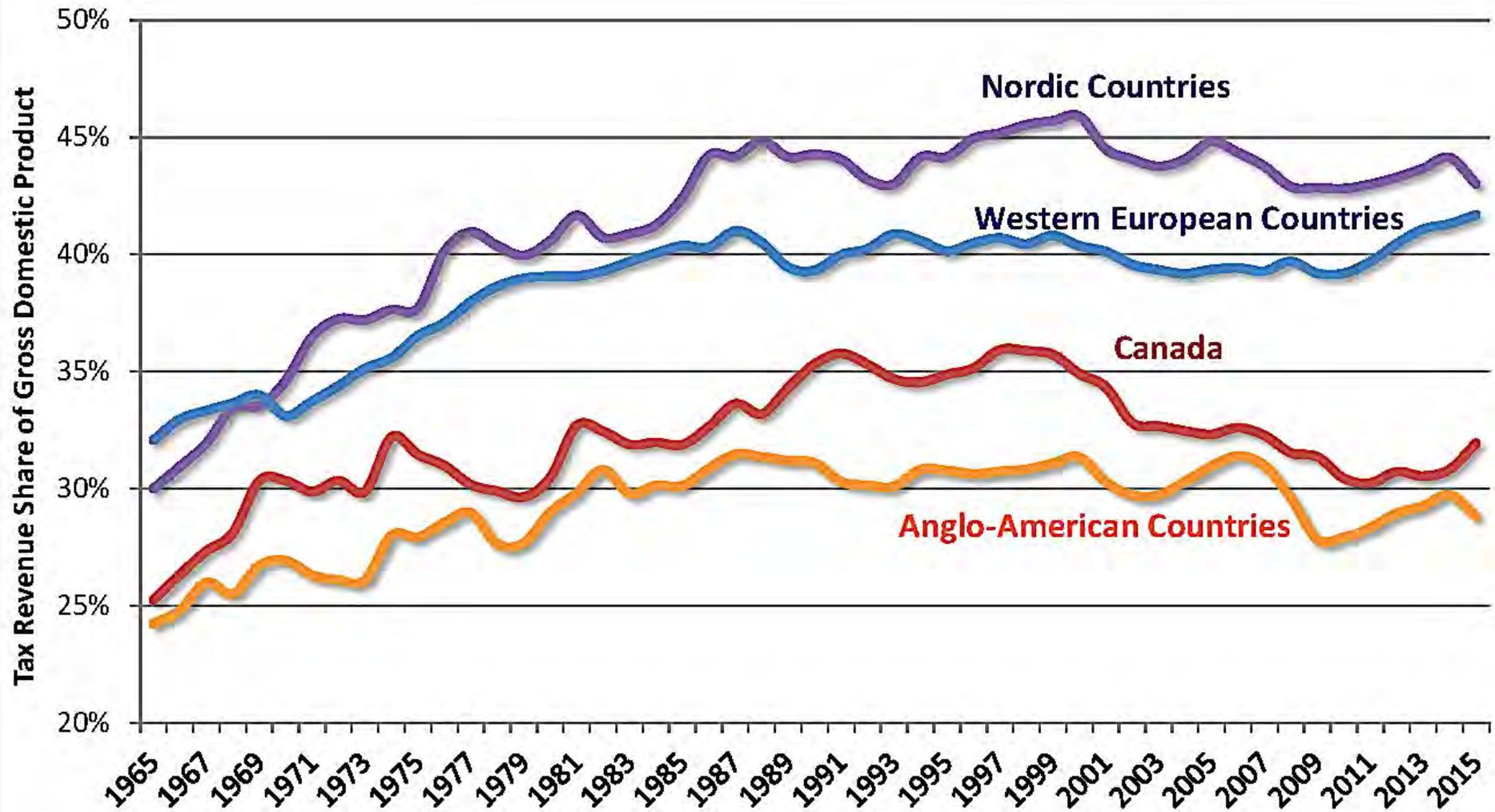
Housing and Community Development  
GGR 357, Session 3, 2021, David Hulchanski

# SUMMARY OF SESSION 2

1. The Macro Context (Social, Economic, Political, Cultural)
2. Housing Tenure
3. Canada's Housing System & Housing Policy
4. Evolution of Canada's Housing Programs

# Total Tax Revenues as a Percentage of GDP, 1965–2015

## Canada and Three Groups of Countries



**Nordic countries** includes Denmark, Sweden, Finland and Norway. **Western European countries** includes France, Belgium, Austria, Germany and Netherlands. **Anglo-American countries** includes United States, United Kingdom, Ireland, New Zealand and Australia. Group percentages are unweighted averages. Data for Australia not yet available for 2015.

# Housing Tenure

The terms and conditions  
(rights and responsibilities),  
legal and cultural,  
by which housing is  
owned, occupied, and maintained.

# What does it mean to legally Own or Rent housing?

The concepts of 'owning' and 'renting' refer to bundles of legal rights over residential property.

The precise contents of these bundles are:

- complex in legal terms and
- vary between jurisdictions so much that
- the two concepts have no standard detailed meaning across nations [or across provinces].

Fahey, T., & Norris, M. (2011). Housing in the welfare state: rethinking the conceptual foundations of comparative housing policy analysis. *International Journal of Housing Policy*, 11(4), 439-452.

# Tenure Neutrality?

Should  
housing  
systems  
be  
tenure  
neutral?

## Renters are subsidizing homeowners, landlords say

September 09, 2010



Laurie Monsebraaten

Government tax and spending policies "massively favour" homeowners over renters even though renters have half as much income, says a study being released Thursday.

It is a situation that has contributed to the deterioration of rental housing across Canada and has played a part in the collapse of the housing market in the United States, says real estate economist Frank Clayton, who wrote the report for the Canadian and Ontario landlord federations.

"This vastly uneven playing field has significant public policy implications," Clayton said in an interview.

The largest government subsidies to homeowners come from the tax exemption on capital gains when they sell their principal residence and from the

## HOUSING SUBSIDIES

Owners  
\$8 billion  
(95¢)

Market Rental  
\$0.5 billion  
(15¢)

Social Rental  
\$2 billion  
(40¢)

### Estimated Total Spending for Social Housing, 2008/2009

	Total Spending	
	\$ Millions	%
<b>Ontario</b>		
Federal	737.4	34.5
Ontario	679.6	31.8
Municipal	720.5	33.7
<b>Total</b>	<b>2,137.5</b>	<b>100.0</b>
<b>Canada</b>		
Federal	1,995.6	

Frank Clayton (2010) *Government Subsidies to Homeowners versus Renters in Ontario and Canada*, Toronto: Federation of Rental Housing Providers of Ontario, & Canadian Federation of Apartment Associations.

# Canadian Housing Policy: Key Dates

**1935** DHA, Dominion Housing Act; 1938 NHA



**1946** NHA, National Housing Act; CMHC est.

1944-1946 Nat Housing Strategy #1



**1954** MIF, Mortgage Insurance Fund est.



**1973** NHA, N-P & Co-op housing (300,000+ units)



**1984** End private rental & cut social rental



**1993** End of federal social housing supply



**1996** Devolution of social housing to provinces

# Social Housing Policy: Key Dates

**1949** NHA, Public Housing (12,000 units)



**1964** NHA, Public Housing (200,000+ units)



**1969** Task Force on Housing & Urban Development

1969-1973 Nat Housing Strategy #2



**1973** NHA, N-P & Co-op Housing (300,000+ units)

1984-1985 Nat Housing Strategy #3



**1984** Cuts in annual # units (from 20,000 to 10,000 to 0)



**1993** End of Federal Social Housing Supply

1993-1996 Nat Housing Strategy #4



**1996** Devolution of Social Housing to Provinces

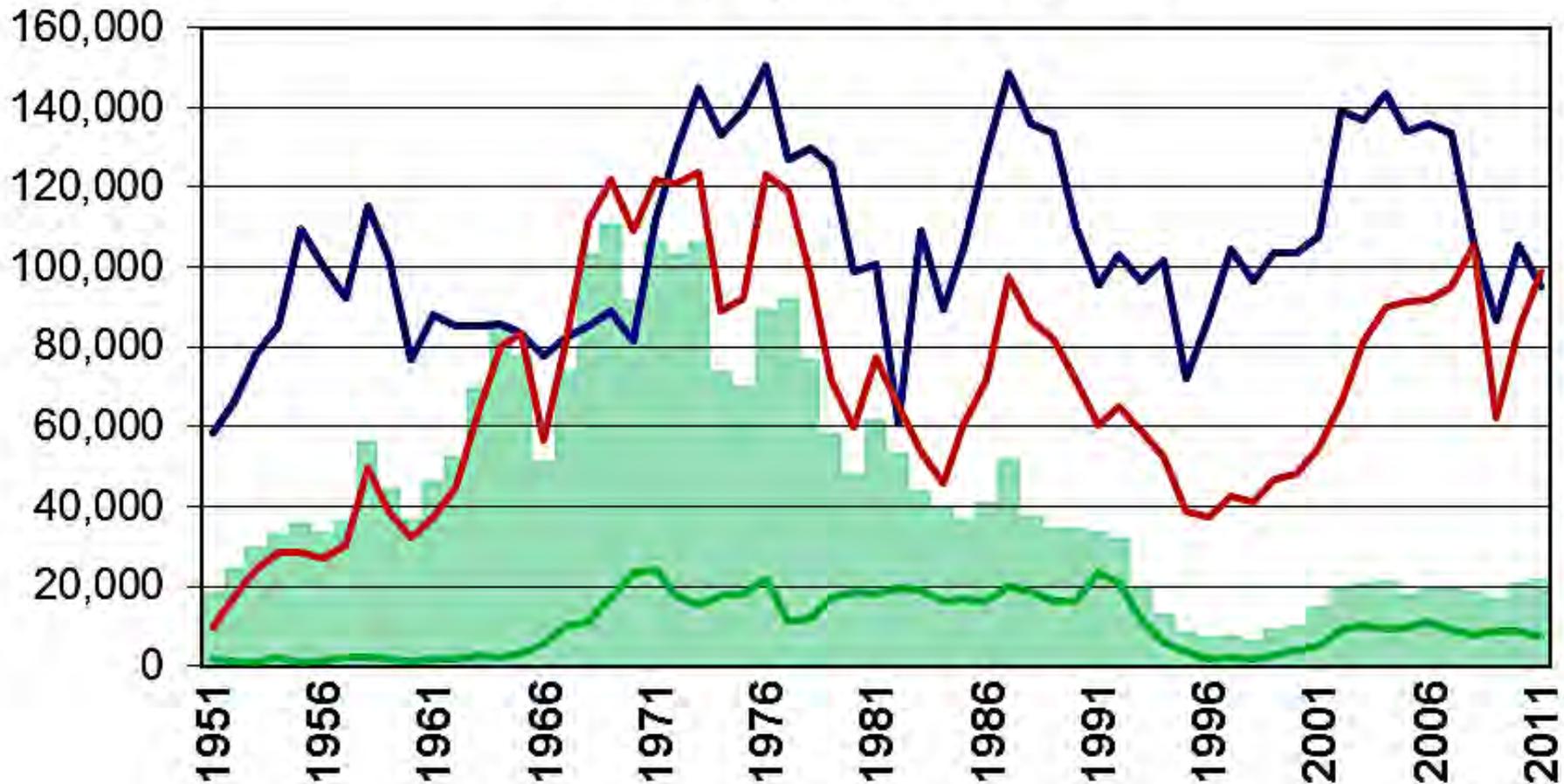
2017-2019 Nat Housing Strategy #5

## Social Housing: Turning Points / Periods (Suttor 2016)

- 1) Early Postwar Period, 1949—1964
- 2) Public Housing Heyday, 1965—1973
- 3) First Non-profit Decade, 1974—1985
- 4) Second Non-profit Decade, 1986—1993
- 5) Devolution and Retrenchment, 1993—2001
- 6) Modest Re-engagement, 2002—2016
- 7) National Housing Strategy #5, 2017 –

—Greg Suttor, 2016

# Annual Housing Production, 1951–2011



- Rental
- Single & Semi
- Apt & Row
- Social & Affordable Housing

Sources: (a) CMHC, starts and completions data.  
 (b) Social housing to 1996 from CMHC, CHS.  
 (c) Post-96 affordable housing from: prov. housing corp. data (Que, BC, Alta.); same + municipal data (Ont.); est. 15% premium for other provs/terr; post-96 s. 95

# OUTLINE

## SESSION 3

1. Why is the housing problem defined as “affordability”?
2. Why is the private sector not building more rental? Market failure?

# 1. HOUSING AFFORDABILITY

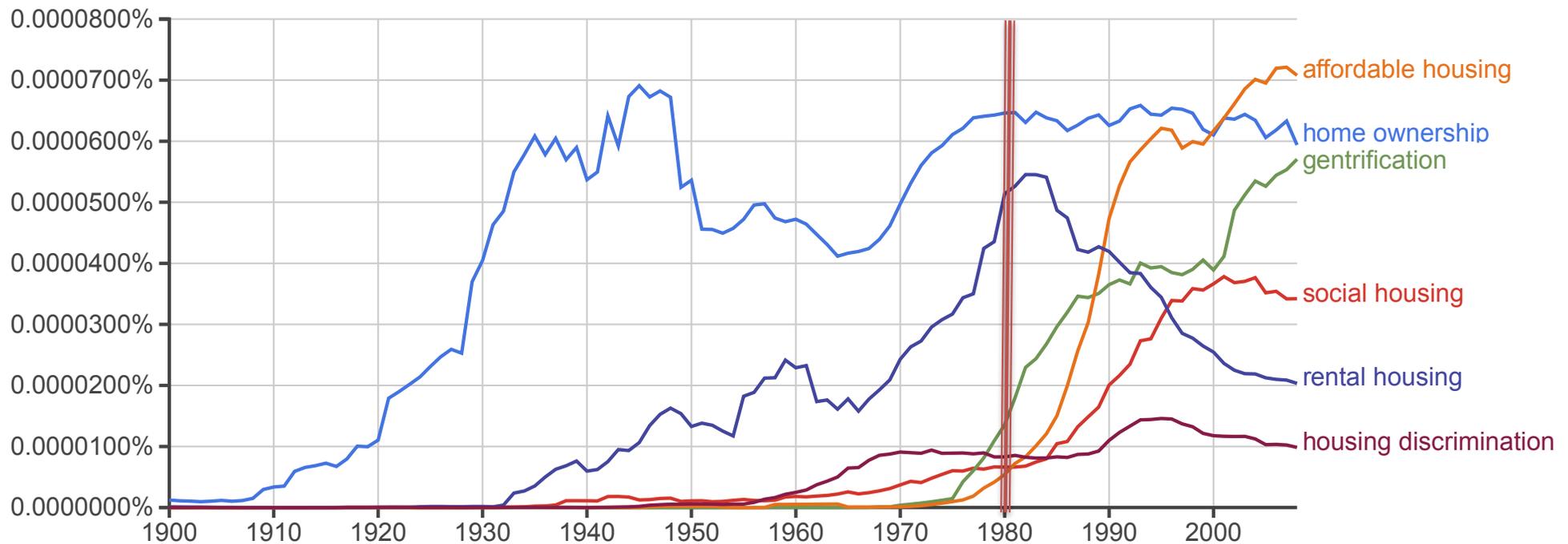
When and why did housing problems become defined as “Affordability”

# Since the 1980s: “Affordable Housing”

## Google Books Ngram Viewer

Graph these comma-separated phrases: home ownership, social housing, gentrification, affordable housing, rental housing, housing discrimination

between 1900 and 2008



# The PROBLEM of PROBLEM DEFINITION “Housing Affordability”

It became a commonly used term in housing discourse in the 1980s.

In popular media, research, and public policy.

- Why? Why since the 1980s?
- What does it mean?
- Is this the best way to define our contemporary housing difficulties?

# For the answer, let's go back to that starting question: Why after 85 years...

Winter 2004

**Practicing Planner**



American Planning Association

*Making great communities happen*

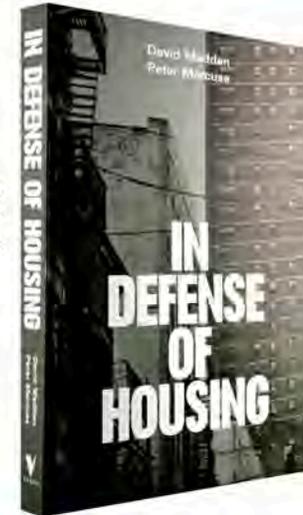
## Housing on the Defensive

By Peter Marcuse, FAICP

We are on the defensive on housing worldwide.

- Prices are escalating
- Segregation is not declining
- Security of tenure is a problem
- Homelessness increasing
- Housing is in short supply almost everywhere
- Everywhere, there are cutbacks in social provision
- Housing advocacy is reduced to pushing for extension of tax benefits

2016  
*In Defense of Housing:  
The Politics of Crisis*



What explains this situation, 85 years after the first publicly built housing in the U.S., 70 years after the New Deal's housing programs, after more than a century of social welfare programs featuring housing in most developed countries, and after decades of declarations and the setting of ambitious housing goals by international agencies and the United Nations?

We need today a radical back-to-basics review of the housing situation, what explains it, and what can be done about it.

*Why limited housing improvement for many after 1940s but only until the 1980s?*

To start with, why do these types of housing problems continue to exist today? Two factors.

- (1) 1. The first is an economic system that, with all its virtues, results in a very uneven distribution of wealth, leaving many with inadequate incomes to pay for the necessities of life at their actual costs of production.
- (2) 2. The second factor is the marketization of housing, which means a housing industry and a housing system geared to meet the needs and preferences of those willing and able to pay the most, and uninterested in the needs of those unable to pay even the least, not compensated for by the very limited role of government in meeting those housing needs that the provision of housing through a profit-driven market cannot supply.

2. The **second factor** is the marketization of housing, which means a housing industry and a housing system geared to meet the needs and preferences of those willing and able to pay the most, and

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# Five Barriers. Where is 'Housing Affordability' on this list?

Winter 2004

*Practicing Planner*



American Planning

## Housing on the Defensive

By Peter Marcuse, FAICP

The need for governmental action is clear. Our governments are not willing. Why? **Five barriers.**

1. **The lack of governmental resources**, due to priorities, and to revenues (i.e., levels of taxation) and expenditures (i.e., distribution of benefits)
2. **A political/ideological opposition to government action**, based partly on a faith in markets that ignore the concerns of non-market participants
3. **Uncontrolled and inefficient market conditions** that increase the cost of housing unnecessarily, including sprawl, speculation, segregation, and complex and inefficient financing systems
4. **Dissatisfaction with the manner in which state housing provision** was accomplished in the past
5. **The power of those profiting** from the status quo in the housing system, who oppose redistributive measures necessary to deal with it

All of these are matters of government policy.  
To resolve them takes courage and power.

# Five Barriers to Housing Security

Fiscal  
Austerity

Neoliberal  
Ideology

Market  
(De)regulation

Limited Social  
Housing

Political  
Power of  
\$\$\$\$\$

=

Housing Insecurity  
caused by public policy decisions

# Housing Security: Definition

Availability of and access to  
stable, safe, adequate, and affordable  
housing *and* neighborhoods  
regardless of  
gender, 'race', ethnicity, or sexual orientation.

Cox, R., Henwood, B., Rodnyansky, S., Rice, E., & Wenzel, S. (2019).  
**Road Map to a Unified Measure of Housing Insecurity.** *Cityscape*, 21(2), 93-128.

# Dimensions of Housing Insecurity



\* = added by JDH; the rest from

Cox, R., Henwood, B., Rodnyansky, S., Rice, E., & Wenzel, S. (2019).

**Road Map to a Unified Measure of Housing Insecurity.** *Cityscape*, 21(2), 93-128.

# Housing Stability

## A threat to Housing Security

A multidimensional construct that is assessed in terms of threats to housing security

### *The continuum of housing security:*

- the extent to which an individual's *customary access to housing* of reasonable quality *is secure*, ranging from
- an absolute lack of customary access to reasonable housing (couch surfing, emergency shelter, living “rough”), to
- customary access to housing in the absence of risk.

Policy difficulty: a household may appear to have customary access to reasonable housing until the moment it does not

Frederick, T. J., Chwalek, M., Hughes, J., Karabanow, J., & Kidd, S. (2014). **How stable is stable? Defining and measuring housing stability.** *Journal of Community Psychology, 42*(8), 964-979.

**Housing Stability** is the extent to which an individual's customary access to housing of reasonable quality is **secure**

Main indicators of *housing stability* ↔ *housing instability*

1. housing type
2. recent housing history
3. current housing tenure
4. financial status
5. standing in the legal system
6. education and employment status
7. harmful substance use
8. subjective assessment of housing satisfaction & stability

Frederick, T. J., Chwalek, M., Hughes, J., Karabanow, J., & Kidd, S. (2014). **How stable is stable? Defining and measuring housing stability.** *Journal of Community Psychology, 42*(8), 964-979.

# Adequate Housing

## U.N. Human Rights Definition

- *Security of tenure*: housing is not adequate if its occupants do not have a degree of tenure security which guarantees legal protection against forced evictions, harassment and other threats.
- *Availability of services, materials, facilities and infrastructure*: housing is not adequate if its occupants do not have safe drinking water, adequate sanitation, energy for cooking, heating, lighting, food storage or refuse disposal.
- *Affordability*: housing is not adequate if its cost threatens or compromises the occupants' enjoyment of other human rights.
- *Habitability*: housing is not adequate if it does not guarantee physical safety or provide adequate space, as well as protection against the cold, damp, heat, rain, wind, other threats to health and structural hazards.
- *Accessibility*: housing is not adequate if the specific needs of disadvantaged and marginalized groups are not taken into account.
- *Location*: housing is not adequate if it is cut off from employment opportunities, health-care services, schools, childcare centres and other social facilities, or if located in polluted or dangerous areas.
- *Cultural adequacy*: housing is not adequate if it does not respect and take into account the expression of cultural identity.



UN HABITAT

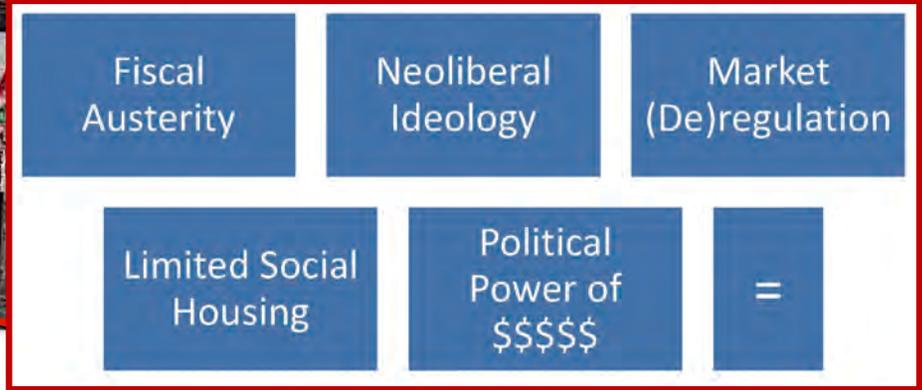
## The Right to Adequate Housing



Human Rights

Fact Sheet No.

21 (Rev. 1)



GTA

[Q.1] **WHY?**

**Condo prices are set to put many investors in the red as rents fail to meet carrying costs, experts warn**

“There’s a cap to what someone will pay for a one-bed rental,” says Toronto real estate broker John Pasalis. [Q.3]

[Q.2]

“There’s no shortage of people lining up to invest in the city’s burgeoning condo market — many of them mom and pop investors who see rental units as a hedge for their children against the increasingly unaffordable property market.”

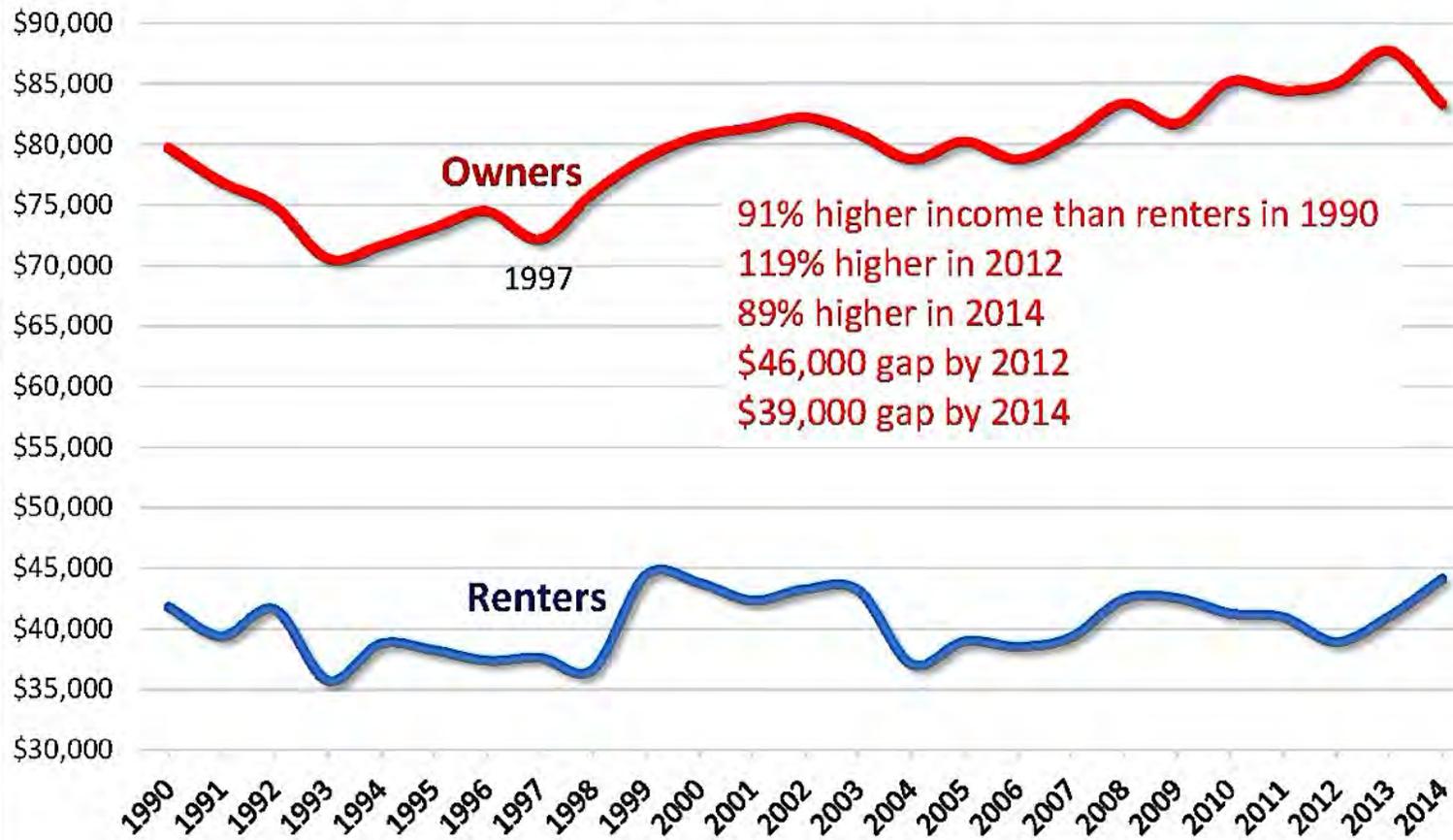
“mom and pop investors? An asset for their children? Protection from ‘unaffordable’ housing costs? What about everyone else’s children? 50% of the city’s households are not homeowners; 80% or 90% (?) are not real estate ‘investors’

Because it is public policy; Canada’s housing system operating as it is designed to do so

“There’s a cap to what someone will pay for a one-bed rental,” says Toronto real estate broker John Pasalis.

[Q.3]

### Owners & Renters Median After-Tax Household Income Toronto Metropolitan Area, 1990–2014



The income (and wealth) gap between owners & Renters = Housing Instability

Income in constant 2014 dollars. Source: CMHC, based on Survey of Labour and Income Dynamics (SLID) 1990–2011 and Canadian Income Survey (CIS) 2012–2014. [https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data\\_012.cfm](https://www.cmhc-schl.gc.ca/en/hoficlincl/homain/stda/data/data_012.cfm)

From Session 2

# City of Toronto Housing Supply 2020

- 35% of condos are rental = 20% of City's total rental stock
- 30,000 condo completions in 2020 est. (20,000 in 2019)
- 3,600 purpose-built rental completions 2020 (the most in 20 years)
- \$4,000/month est. cost for a condo investor (25% down, 3.5% interest)
- \$2,500 avg rent in 2019 & no rent controls on new units
- \$900,000 avg cost of a new condo unit in 2019

This is the housing system in normal operation.

Is it creating greater housing security for Torontonians?

Or is it creating a few housing system winners and many losers?

**HOUSING SECURITY:** *Availability of and access to stable, safe, adequate, and affordable housing and neighborhoods regardless of gender, 'race', ethnicity, or sexual orientation.*

"Condo prices are set to put many investors in the red as rents fail to meet carrying costs, experts warn," *Toronto Star*, 12 January 2019

## What is a “Social Problem”

If this visitor possessed the usual Martian keenness and penetration, he would probably interrupt our recital to say:

If it is not indelicate of me to remark, every social problem you describe seems to have the same characteristics as every other social problem, namely, the crux of the problem is to find some way of avoiding the undesirable consequences of your established laws, institutions, and social practices, without changing those established laws, etc.

To find some way of avoiding the undesirable consequences of our laws, institutions, and practices, without changing these laws, institutions, and practices.

# “Social Problems” or “Social Conflicts”

Most “social problems” stem from oppositions of value or interest

“Poverty, racial tension, environmental disarray, unemployment  
are all, strictly speaking, **conflicts**  
rather than problems in the sense of  
**conditions equally deplored by all.**”

— James B. Rule, *Theory and Progress in Social Science*, Cambridge U Press, 1997.

## What can a household do about “Housing Affordability”

- a "forced" move to a cheaper place?
- live with the impacts of high housing cost?
- seek / apply for social support of some sort?
- use services of charities (e.g., food bank)?
- double up with another family?
- advocate, mobilize, organize for change?
- ??

# Housing Insecurity for many, not just “Housing Affordability”

An incomplete housing system

- YES: Methods to meet effective market demand
- NO: Methods to significantly address the social need for housing

Thus, Canada’s housing system

- is not serving all,
- it gives priority to already advantaged investors and households by
- creating housing instability for many others.

# Why “Housing Insecurity” Problems

Public policy is not recognizing & addressing the macro level problems affecting the housing system

1. Income inequality & polarization producing greater social (non-market) *need* for housing
2. Housing is left mainly to the marketplace for supply and allocation (for households with *effective* market demand)

The housing market cannot respond to social need; it responds to effective market demand.

# “cannot afford to pay enough to cause ...

Humphrey Carver’s 1948 book

‘housing affordability,’ ‘affordable housing,’ not used in the book

- to afford what the market can provide on a market basis

Since discussions of housing always involve reference to “upper,” “middle,” and “low” incomes it is convenient also to divide families into these groups.<sup>1</sup> If the

<sup>1</sup>In the literature of housing these terms have been used with various shades of meaning; since they inevitably occur with considerable frequency in any discussions of housing it would be valuable to possess simple and universal definitions of the terms “low-income family” and “high-income family.” In the United States Housing Act 1937 families of low-income are defined as those who “cannot afford to pay enough to cause private enterprise in their locality or metropolitan area to build an adequate supply of decent, safe and sanitary dwellings for their use.”

- We were properly defining the ‘housing problem’ until the 1980s

# When will we change this?

Canada's exclusionary housing system  
as a mechanism for increasing wealth  
and income inequality

Change requires: Advocate, Mobilize, Organize

Focus on

- implementing the human right to adequate housing
  - addressing income and wealth inequality
- challenging the many forms of housing market exploitation and discrimination

# Germany's Housing System: Not a mechanism for increasing wealth & income inequality?

“The German housing system: fundamentally resilient?”

**Abstract** The initial research question was: How can we explain the fact that the German housing system was seemingly unaffected by the financial crisis? The relative macro-economic stability of the German economy is part of the story, but the initial question led to a more fundamental analysis of why there had been no precrisis excesses in the German housing market. The longer term lack of volatility in Germany is just as in need of explanation as the excesses elsewhere. An important part of the explanation may be the particular tenure structure of the German housing market—which is characterized by a low homeownership rate and a large market share for private landlords. This structure was shaped over time by institutional development. In particular, mortgage finance systems and habits did not develop independently of that tenure structure. Equally that tenure structure arises in part from regulation and housing subsidy systems that do not favour homeownership.

— Kofner, S. (2014) *Journal of Housing and the Built Environment*, 29(2), 255-275.



**NEWS**

Office of the Premier

## **Making Housing More Affordable**

*Ontario Introducing Housing Affordability Measures for Homebuyers and Renters*

April 20, 2017 9:20 A.M.

Ontario is taking action to make housing more affordable for homebuyers and renters by introducing the **Fair Housing Plan**. This set of **16 comprehensive measures** would help more people find an affordable place to call home, while bringing stability to the real estate market and protecting the investment of homeowners.

These measures include introducing a 15 per cent Non-Resident Speculation Tax (NRST) on non-Canadian citizens, non-permanent residents and non-Canadian corporations buying residential properties containing one to six units in the Greater Golden Horseshoe (GGH).

# Ontario: 16 point Fair Housing Plan, April 2017

## Actions to Protect Renters

2. Expanding rent control to all private rental units in Ontario, including those built after 1991. This will ensure increases in rental costs can only rise at the rate posted in the annual provincial rent increase guideline. Over the past ten years, the annual rent increase guideline has averaged two per cent. The increase is capped at a maximum of 2.5 per cent. Under these changes, landlords would still be able to apply vacancy decontrol and seek above guideline increases where permitted. Legislation will be introduced that, if passed, will enact this change effective April 20.
3. The government will introduce legislation that would, if passed, strengthen the Residential Tenancies Act to further protect tenants and ensure predictability for landlords. This will include developing a standard lease with explanatory information available in multiple languages, tightening provisions for "landlord's own use" evictions,

# Ontario: 16 point Fair Housing Plan, April 2017

## Actions to Increase Housing Supply

4. Establishing a program to leverage the value of surplus provincial land assets across the province to develop a mix of market housing and new, permanent, sustainable and affordable housing supply. Potential sites under consideration for a pilot project include the West Don Lands, 27 Grosvenor/26 Grenville Streets in Toronto, and other sites in the province. This builds on an agreement reached previously with the City of Toronto to ensure a minimum of 20 per cent of residential units within the West Don Lands are available for affordable rental, with an additional 5 per cent of units for affordable ownership.
5. Introducing legislation that would, if passed, empower the City of Toronto, and potentially other interested municipalities, to introduce a vacant homes property tax to encourage property owners to sell unoccupied units or rent them out, to address concerns about residential units potentially being left vacant by speculators.
6. Ensuring that property tax for new multi-residential apartment buildings is charged at a similar rate as other residential properties. This will encourage developers to build more new purpose-built rental housing and will apply to the entire province.
7. Introducing a targeted \$125-million, five-year program to further encourage the construction of new rental apartment buildings by rebating a portion of development charges. Working with municipalities, the government would target projects in those communities that are most in need of new purpose-built rental housing.
8. Providing municipalities with the flexibility to use property tax tools to help unlock development opportunities. For example, municipalities could be permitted to impose a higher tax on vacant land that has been approved for new housing.
9. Creating a new Housing Supply Team with dedicated provincial employees to identify barriers to specific housing development projects and work with developers and

## Ontario: 16 point Fair Housing Plan, April 2017

### Other Actions to Protect Homebuyers and Increase Information Sharing

10. The province will work to understand and tackle practices that may be contributing to tax avoidance and excessive speculation in the housing market such as "paper flipping," a practice that includes entering into a contractual agreement to buy a residential unit and assigning it to another person prior to closing.
11. Working with the real estate profession and consumers, the province is committing to review the rules real estate agents are required to follow to ensure that consumers are fairly represented in real estate transactions. This includes practices such as double ending. The government will modernize its rules, strengthen professionalism and improve the home-buying experience with a goal to make Ontario a leader in real estate standards.
12. Establishing a housing advisory group which will meet quarterly to provide the government with ongoing advice about the state of the housing market and discuss the impact of the measures in the Fair Housing Plan and any additional steps that are needed. The group will have a diverse range of expertise, including economists, academics, developers, community groups and the real estate sector.

## Ontario: 16 point Fair Housing Plan, April 2017

13. Educating consumers on their rights, particularly on the issue of one real estate professional representing more than one party in a real estate transaction.
14. Partnering with the Canada Revenue Agency to explore more comprehensive reporting requirements so that correct federal and provincial taxes, including income and sales taxes, are paid on purchases and sales of real estate in Ontario.
15. Making elevators in Ontario buildings more reliable by establishing timelines for elevator repair in consultation with the sector and the Technical Standards & Safety Authority (TSSA).
16. Working with municipalities to better reflect the needs of a growing Greater Golden Horseshoe through an updated Growth Plan. New provisions will include requiring that municipalities consider the appropriate range of unit sizes in higher density residential buildings to accommodate a diverse range of household sizes and incomes. This will

## 2. RENTAL HOUSING

Why is the private sector not building rental apartment buildings?

# Rental Supply: Many Studies, No Action

**Creating a Positive Climate  
for Rental Housing Development  
Through Tax and Mortgage  
Insurance Reforms**

*The Second Report  
of the Housing Study*

**Rental Housing  
Finance Mechanisms  
- Part A: Initial Analysis  
Final Report**

**Government Subsidies to Homeowners  
versus Renters in Ontario and Canada**

Prepared for:

**Federation of Rental-Housing Providers of Ontario  
and  
Canadian Federation of Apartment Associations**

**State of  
the Unit**

Rental Housing  
in Toronto  
2011

**AFFORDABLE HOUSING IN CANADA:  
IN SEARCH OF A NEW PARADIGM**

**TD Economics**  
Special Report  
June 17, 2003

**TD Bank Financial Group**

**Affordable, Available, Achievable  
Practical Solutions to Affordable  
Housing Challenges**

April 2003

 **The Toronto  
Board of Trade**

## Definition

# Private Rented Sector

“rented housing that is not allocated according to socially determined need” p.370

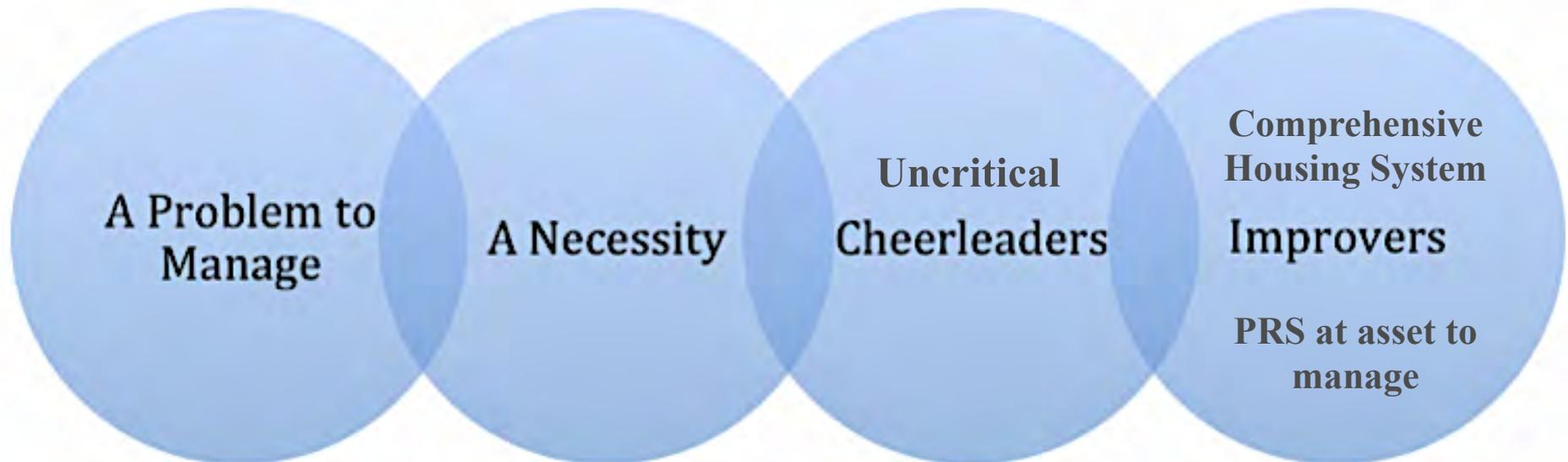
Rather than definitions based on key attributes:

- differences in ownership
- landlord motivation
- rent determination
- property rights
- forms of subsidization

Haffner, M., Hoekstra, J., Oxley, M., & Van Der Heijden, H. (2010). **Universalistic, particularistic and middle way approaches to comparing the private rental sector.** *International Journal of Housing Policy*, 10(4), 357-377.

# The PRS Policy Debate Spectrum

**Figure 1: The PRS Policy Spectrum**



-- Ken Gibbs, 2016

# Key Questions about the PRS

- What difficulties does the PRS face today?
- What are the best policies to support increasing the supply in the PRS, how should they work, how do they affect social housing?
- Should government only invest in social rental and not PRS?
- Can the two be complementary?
- What role can the PRS play in housing low-income households?

# Ontario's Rental Housing Trends

1. Extraordinary homeownership growth
2. Rental need / demand growth
3. Economic prosperity has not improved rental affordability
4. A larger low-income population facing high housing costs
5. More low-income tenants finding non-standard rental options
6. Very little new rental housing production
7. Continuing loss of rental dwellings
8. Very little government-funded affordable rental production

- Covid-19

— Ontario Non-Profit Housing Association , *Where's Home?* 2013.

# Key Distinctions

- Primary vs. Secondary rental housing stock
- Dualist vs. Integrated rental housing system
- Ownership Sector's Impact on rental housing sector

# Primary (Purpose-built) Rental Housing

**Primary Rental Housing** is defined by CMHC in its Rental Market Survey as including

- private rental housing in buildings with 3 or more units (purpose-built for rent) and
- assisted housing units subsidized by government

## Purpose-built rental housing

- residential construction developed for the rental housing market, including, but not limited to, multi-unit rental apartment buildings

# Secondary Rental Housing Stock

1. rented detached or semi-detached houses
2. rented freehold row/town houses
3. accessory apartments (separate dwelling units in the structure of another dwelling type)
4. one or two apartments in a commercial building or other type of structure
5. investor owned units rented in a condominium

# Dualism / Discrimination: Canada's Two Part Housing System

## Primary Part

- most home owners
- tenants who can afford the higher end of the rental market
- some social housing residents (e.g., co-ops)

about 80% of households

## Secondary Part

- tenants at the lower end of the private rental market
- some low income rural & urban homeowners
- some social housing residents

about 20% of households

# Public Policy: Two Sets of Trends

## for Primary Part

of the housing system

- federal government will continue to play a role
- Fed/Prov jurisdiction not an issue
- house building industry an effective lobby for H.O. & often against social housing

## for Secondary Part

of the housing system

- political philosophy of the government matters
- Fed/Prov jurisdiction is a big issue
- stereotypes about low-income people & new Canadians matter

# Two Types of Rental Housing Sectors within a Housing System

Differences between integrated and dualist rental systems: four hypotheses

	Dualist	Integrated
1. Share of owner-occupancy sector	Relatively large	Relatively small
2. Level of housing quality	Relatively large differences in housing quality between the owner-occupancy sector and the social rental sector	Relatively small differences in housing quality between the owner-occupancy sector and the social rental sector
3. Income distribution of tenants	Relatively strong residualisation in the social rental sector	Relatively limited residualisation in the social rental sector
4. Rent levels corrected for housing quality	Large differences between social rental and private rental dwellings	Small differences between social rental and private rental dwellings
Countries	UK, Ireland, Belgium & Canada, USA, Australia	The Netherlands, Denmark, Austria & Germany

Two Types of Rental System? An Exploratory Empirical Test of Kemeny's Rental System Typology  
Urban Studies (January 2009), 46 (1), pg. 45-62  
Joris Hoekstra

Dualist vs. Integrated  
Rental Housing Sectors

# Integrated Rental Sectors & the extent of Housing Deprivation

It is hypothesized that nations with **integrated rental sector** are more likely to be successful in reducing housing deprivation rates.

The objective of the integrated rental sector is to

- minimize differences in prices and quality between dwellings in profit-oriented and non-profit rental sectors

This means governments seek to be tenure neutral, which means each tenure type is afforded similar levels of government support.

Borg, I. (2015) '[Housing Deprivation in Europe: On the Role of Rental Tenure Types](#)', *Housing, Theory and Society*, 32(1): 73–93.

# Prospects for the PRS

- **Growth** as ownership becomes more difficult
- **Overcrowding** much more common
- **Landlord/tenant** legislation needs to catch up
- **Rent regulation** a key issue
- **Quality** of the aging rental stock
- **Purpose-built** vs secondary rental
- **Unregulated** / illegal rental situations

# How can the PRS contribute to an Inclusive Housing System?

1. stimulate adequate rental housing production
2. help produce a mix of rental housing choice (tenure, location, and quality)
3. assist those who cannot afford adequate, appropriate rental housing

# The Future of Private Rental (1)

## ① **Physical quality decline**

an aging existing stock of private rental units

## ② **Rehabilitation necessary**

limited private and public sector prospects for funding

## ③ **Gentrification & Condo Conversion**

continued loss of “affordable” conventional buildings

# The Future of Private Rental (2)

- ④ **Greater reliance on unconventional units**  
either expensive or poor quality, with limited tenure rights
- ⑤ **Subsidies necessary for new supply**  
federal or provincial funds not on the political horizon
- ⑥ **Overcrowding**  
health and well-being at risk for many renters

# The Future of Private Rental (3)

- ⑦ **Decline of post WW II “Inner Suburbs”**  
undesirable post-war landscape, the new slum
- ⑧ **Institutional investors possible but ...**  
long-term, patient money, needs incentives (subsidies)
- ⑨ **Historic low mortgage interest rates**  
but for how long & why no rental investment now

# Future of the Private Rental Sector: SUMMARY

Rising *inequality*, the *financialization* of housing, and Canada's *dualist rental sector* will produce continuing

- residualization
- discrimination
- lack of tenure neutrality
- physical rental stock decline
- few effective policy / program prospects
- extensive but false political promises and claims

## Increasing severe housing insecurity

# Dimensions of Housing Insecurity



\* = added by JDH; the rest from

Cox, R., Henwood, B., Rodnyansky, S., Rice, E., & Wenzel, S. (2019).

**Road Map to a Unified Measure of Housing Insecurity.** *Cityscape*, 21(2), 93-128.

# Next week ...

## Session 4. February 1

### Canada's Housing System Compared to Other Similar Nations

PDF of Session 4 Powerpoint Presentation

#### Readings

1. Pawson, H. and K. Gibb (2019). **The Australian and UK Housing Stories**, Chapter 2 and 3 of *Shaping Futures: Changing the Housing Story*. [PDF](#)
2. Maclennan, D (2019). **Learning from Contrasts and Commonalities in Housing Policy Narratives: Australia, Canada and the UK**, Chapter 5 of *Shaping Futures: Changing the Housing Story*. [PDF](#)
3. Clapham, D. (2018). "**Housing Regimes**," Chapter 3 of his book, *Remaking Housing Policy: An International Study*, Routledge. [PDF](#)

#### Supplemental (Optional) Readings

- Hoekstra, J. (2017). Reregulation and Residualization in Dutch Social Housing: A critical Evaluation of new Policies," *Critical Housing Analysis*, 4(1). [Web Link](#) ↗
- Kofner, S. (2017). "Social housing in Germany: an inevitably shrinking sector?" *Critical Housing Analysis*, 4(1), 61-71. [Web Link](#) ↗

# Reading Assignment #2, Due February 6

**Question 1:** Canada's social housing sector, at about 4% of the nation's housing stock, is much smaller than many western and northern European countries. How do authors who discuss this in our first four sets of readings explain it?

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**Question 2:** As a society it is helpful to have short form summary characterizations of difficult issues. It is common to read in the media, for example, that we have a "housing affordability problem." What are some problems with that summary characterization?

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*Note: there is no single correct answer. You are providing your understanding of these issues/readings at this time in the course.*