# Facing the challenges of the housing crisis

The housing crisis is a complex issue affecting every community across the country to greater or lesser degrees, depending on a variety of other issues that influence the affordability or availability of a home. Here we talk to three experts about different aspects of the housing crisis: Arlene Etchen, Canada Mortgage and Housing Corporation's Knowledge Transfer Consultant in Ontario; Tony Irwin, President and CEO, Federation of Rental-housing Providers of Ontario; and Blair Scorgie, RPP, MCIP, Business Development Director, Senior Planner, and Urban Designer at SvN Architects + Planners Inc.

# Addressing the rental supply gap

BY CAROLYN CAMILLERI

The widespread consensus that more housing is needed at a cost people can afford includes personal rentals.

"We have historic low vacancy rates and an all-time high demand," says Tony Irwin, president and CEO of the Federation of Rental-housing Providers of Ontario (FRPO). "With all of the population growth we are seeing and expect to continue to see over the next decade, we simply don't have enough housing for people."

"The report indicates that between 70,000 and 100,000 rental units will be needed to meet demand over the next decade."

Research and market analysis firm Urbanation recently updated an FRPO report on the rental property supply gap. The report indicates that between 70,000 and 100,000 rental units will be needed to meet demand over the next decade. That's 7,000 to 10,000 units every year. Even in choosing the more conservative numbers, the question remains as to how to achieve that.

"That's an important number for the conversation, because, really, what we want to be doing in working with the government – and certainly we're very encouraged by the actions this government's taken so far with Bill 108 – is to have a common understanding of what the problem is and what the challenges are."

FRPO has again engaged Urbanation to study the current landscape and the market drivers of demand and supply conditions, as well as to assess changes to the estimated supply gap and the rental supply that has been delivered over the last few years.

"On the personal rental side, it's been very small – there have not been a lot of new units built," says Irwin. "Obviously, the condo market is a different story."

The study aims to compile a database of current rental property proposals and the jurisdictions they are located in to get a ground-level handle on what is happening and how progress can be made. The study will also assess where there could be some intensification, specifically "unicorn sites."

"What that signifies are sites where currently there's an apartment building – perhaps it was built in the 60s or 70s when land use was much different than it is today, and so there may well be a lot of excess land around the building that could, now, given our realities of today and our real need for more housing, be utilized to build a second or even third tower depending on the site."

"We think there should be some kind of fast-track approval process to get those kinds of projects going more quickly."

The infrastructure for an additional building is already there and building another tower would not be contrary to whatever already exists. FRPO members know there are many such sites in the province.

"In our view, those are no-brainer sites," he says. "In those kinds of circumstances, we think there should be some kind of fast-track approval process to get those kinds of projects going more quickly."

"We're seeing a real surge in demand for purposeful rental... Rental is becoming increasingly important and it's a choice people increasingly want to make."

While FRPO has been working very closely with the government to provide more homes and more choice, the conversation is ongoing.

"The housing topic and need for more supply is not going to be solved quickly. It requires a lot of thought and a lot of discussion," he says. "We want to continue to bring ideas forward and work with government on what can we do collaboratively to try to get more rental built."

"We're seeing a real surge in demand for purposeful rental," says Irwin. "Rental is becoming increasingly important, and it's a choice people increasingly want to make. We need to provide it for them in the manner in which they want to receive it, and that's really what we're trying to work towards."

# **CMHC:** Helping Canadians access housing that meets their needs

Arlene Etchen is Canada Mortgage and Housing Corporation's (CMHC) knowledge transfer consultant in Ontario. She has been working in the urban planning and energy sectors for more than 15 years, engaging with professionals in the housing industry, academics, and provincial and municipal governments to ensure access to the latest and most relevant housing information from CMHC.

**What are some of the key elements contributing to the housing crisis?**
Housing need is multi-faceted. Housing needs range from first-time homebuyers to seniors looking for affordable housing. Their needs are different and any policy response would have to address these differences. In major urban centres, the cost of housing has risen due to increasing demand and slow lagging supply. Housing affordability is top of mind for Canadians and all levels of government.

To help increase supply and support affordability, the federal National Housing Strategy[1] (launched in November 2017) will deliver up to 100,000 new housing units and repair another 300,000 units through various new funding initiatives. It will also reduce or eliminate housing need for 530,000 households and reduce chronic homelessness by 50 per cent by 2028.

From a market perspective, the most recent Housing Market Assessment (Q4 2019),[2] states that imbalances between home prices and housing market fundamentals are easing. With respect to specific markets, Toronto and Hamilton saw a change in their overall degree of vulnerability from high to moderate, bringing these markets in line with Canada's overall moderate vulnerability rating.

**How different is today's housing situation compared to, for example, 10 or 20 or 30 years ago?**
It would be misleading to attempt to characterize the entirety of the housing market at a point in time. The housing market is complex, consisting of many interrelated submarkets that have evolved in complex ways to changes in Canada's socio-demographic and economic conditions, changes in consumer preferences and in technology, among other factors.

Nonetheless, over the last 30 years, a major trend that has been observed has been a steady increase in home ownership. According to Statistics Canada's Census, since 1971 to 2011, the home ownership rate increased from 60.3 per cent to 69.0 per cent, declining slightly to 67.8 per cent in 2016 (the latest available data). Another major change that has been observed in recent decades has been the increase in the supply of rental units represented by rented condominium apartments.

CMHC president Evan Siddall says that, "Over time, housing construction in Canada has diverted away from purpose-built rental housing. Yet, core housing need – a measure of housing affordability that asserts that having to spend more than 30 per cent of your pre-tax income to access adequate, suitable local housing is onerous – among renters sits at 26.4 per cent compared to 6.5 per cent for owners.

**Are we a society fixated on the idea of owning our homes?**
In a recent interview, CMHC`s president Evan Siddall said, "Canadians need to change their perceptions around home ownership as a savings vehicle. Home

ownership has long been glorified in Canada, but experts say sky-high prices in some of the country's most popular cities should force prospective buyers to shift their thinking. In places like Paris, and Sydney, and Hong Kong, Buenos Aires, and New York, people rent. Whereas here, we glorify home ownership. And we think it's the only vehicle for savings. Well, that's looking at the last 100 years. And, unfortunately, savings are in the future, not in the past. 'Rent or own, a home is a home.'"

**Do you have a message for planners who are addressing these challenges in their communities?**

By 2030, we want everyone in Canada to have a home that they can afford and that meets their needs. But we can't reach this ambitious goal alone. Partnerships must be at the heart of everything we do. They need to be nurtured, developed, and, often, re-examined. That's why we're looking at ways we can further cultivate collaboration. Planners play a key role in facilitating the development of affordable housing and communicating the importance of affordable housing in the mix of housing in their communities.

*Later this year, the interview with Arlene Etchen will be posted in its entirety on the Planning Exchange Blog at ontarioplanners.ca/blog/planning-exchange. The full interview includes some of the ways CMHC is addressing or easing the challenges people are facing in finding suitable homes.*


**References**

1 National Housing Strategy: https://www.placetocallhome.ca

2 Housing Market Assessments: https://www.cmhc-schl.gc.ca/en/data-and-research/publications-and-reports/housing-market-assessment


# The case for density transition zones

BY CAROLYN CAMILLERI



Neighbourhood Transition Zone Avenue

In 2019, Blair Scorgie, RPP, business development director, senior planner, and urban designer at SvN Architects + Planners Inc., co-authored with Sean Hertel, RPP, a report called *The Case for Density Transition Zones: Part of a Broader Solution to the Housing Affordability Crisis.*

The concept of density transition zones has been put forth as a way to help ease the housing crisis, and, at the same time, counter the problem of neighbourhoods that are declining while growth areas are intensifying beyond capacity.

"In part, the intent of the technical brief was to say there are certain things that are outside of our control," says Scorgie. "But one of the things we do have the power to influence is our regulatory controls at the municipal level and at the provincial level, too, for that matter."

"... to allow for some growth and intensification at the edges, while maintaining the stability of the neighbourhood."

Simply put, density transition zones are an expansion upon the existing approach municipalities use to govern growth and density, in that the avenues or corridors are expanded just a little farther into the edges of the neighbourhoods to allow for a transition with low-rise missing middle buildings. It might be one or two blocks or 100 or 150 metres that extend into the neighbourhood to allow for some growth and intensification at the edges, while maintaining the stability of the neighbourhood.

"This is an opportunity to bridge that gap quite literally and allow that transition and heightened massing and use to occur over a slightly greater distance."

"I see it as the low hanging fruit. It doesn't require a complete rewrite of the way our policies are structured. It's more like another layer or a modest amendment to our existing policies," he says. "I see it as kind of an easy win, when you compare it to other potential solutions, and maybe also less controversial."

Less controversial in terms of diverging priorities: protecting neighbourhood character on the one hand with the need to accommodate more growth and intensification on the other.

"This is an opportunity to bridge that gap quite literally and allow that transition and heightened massing and use to occur over a slightly greater distance and allow for a greater diversity of housing supply and choices in that area, while maintaining and protecting the stability of the rest of the neighbourhood."

Those two reasons – expanding an existing, rational process to city building and policy and maintaining neighbourhood stability while allowing for growth – make it an easier political win.

A third reason: the edges. In addition to creating a physical transition in use and form, the edges are important because of their proximity to main street retail, district parks, neighbourhood amenities, community centres, transit, etc.

"There's a certain logic to intensifying within proximity to those sorts of uses," he says. "The edges allow us to not only maintain the stability of the neighbourhoods, and to establish this transition and height massing, but also to target the types of things we want, like creating more people walking on the main streets, using local shops, helping the mom and pop businesses stay open."

It goes beyond density transitions zones.

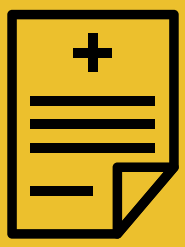
"Missing middle housing allows us to solve many different things," says Scorgie. "It's not just about housing affordability. It's not just about housing diversity. It's not just about making better use of infrastructure and services. It's not just about providing a greater critical mass of people within proximity to main street retail. And it's not just about optimizing transit usage. It's about all those things. And it's also about ecological and environmental sustainability, urban resiliency. It's about getting cars off the road. It's about creating more party wall conditions, where we have people building more energy-efficient buildings, where we have fewer exterior walls. You can solve a lot of different things by focusing on this issue."

"Missing middle housing allows us to solve many different things."

Scorgie concludes by saying that for density transition zones to work properly, the approach needs to be implemented on a citywide basis, not just in pockets, which would run the risk of increasing land value in those areas.

"It needs to just be the starting point to some broader intensification exercise."

## IN DEPTH



### READ THE FULL REPORT

The full, technical version of *The Case for Density Transition Zones: Part of a Broader Solution to the Housing Affordability Crisis* by Blair Scorgie, RPP, and Sean Hertel, RPP, is available at transitionzones.com.

The content is also the subject of ongoing research by the Pembina Institute on behalf of the Toronto Real Estate Board, as well as ongoing research by the Ryerson City Building Institute.

A plain-language version of *The Case for Density Transition Zones* was published as a contributing chapter to *House Divided: How the Missing Middle will Solve Toronto's Affordability Crisis* (Coach House Books, June 2019).