

Home Stretched:

Tackling Ontario's Housing Affordability Crisis Through Innovative Solutions and Partnerships

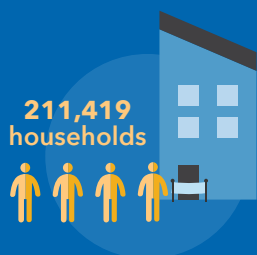
Introduction

Housing has reached a crisis point in Ontario. Previously considered an urban issue, housing affordability is now impacting communities of all sizes across the province. As Ontarians [spend more of their income on housing](#), they have less available to spend on other goods and services, resulting in wide-ranging implications for the business community and overall economy.

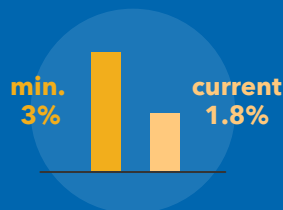
While distinct, housing supply and affordability challenges are mutually reinforcing: as mid-high income earners are [priced out](#) of the real estate market, they are increasingly occupying market rental housing for longer, contributing to [low vacancy rates](#) and [rising rental rates](#). This puts additional downward pressure on the limited supply of more affordable, non-market housing options, where [waitlists](#) can reach up to 12 years across the province, further compounding the homelessness crisis.

At the same time, social and economic pressures, such as inflation and supply chain challenges, are contributing to rising costs for housing development (which has not kept pace with demand), while hindering mobility along the housing continuum.

Meeting the provincial target of building 1.5 million homes by 2031 will require an all-hands-on-deck approach: the private, public, and non-profit sectors all have critical roles to play to foster an inclusive labour force, champion affordable housing solutions, and promote complete communities. This policy brief showcases several innovative partnerships and approaches underway across the province that aim to address housing affordability and supply, with policy recommendations to build upon the success of these models.



Social Housing Waitlists



Rental Vacancy Rate

A minimum rate of 3% is considered healthy.

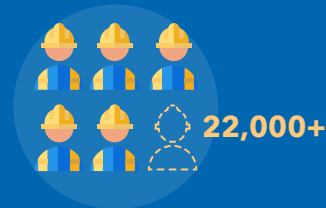


Average Housing Price

11.5x annual household income



Annual Growth in Rent



Construction Job Vacancies

Labour and Demographics

The housing affordability crisis is significantly impacting the ability of businesses to attract and retain talent, exacerbating challenges associated with ongoing labour shortages, an aging workforce, and the housing crisis itself, as the labour needed to build more housing is increasingly priced out of communities across the province.

The OCC's most recent annual [Business Confidence Survey](#) found that most organizations in Ontario continue to report labour shortages in their respective industries (68%), with [heightened job vacancies](#) in the construction sector. Compounding these shortages is the record pace of net [interprovincial migration](#) losses, partly driven by poor housing affordability.

In an effort to help address overall labour shortages - including filling gaps in the skilled trades to meet housing targets - immigration into Ontario is expected to [more than double](#) by 2025. Ultimately, improving housing supply and affordability in Ontario will require domestic and local workforce development strategies, immigration, and dedicated housing and supports for seniors, students, newcomers, and other equity-deserving groups.



68%

of organizations in Ontario continue to report labour shortages in their respective industries.





Recommendations

Government

Municipal

Provincial

Federal

Industry*

Recommendations		Government			Industry*
		Municipal	Provincial	Federal	
Immigration	Continue to establish and deliver on workforce development strategies, including fast-tracking immigration, addressing backlogs, and prioritizing skilled trades.		✓	✓	
	Double student nomination allocations under the Ontario Immigrant Nominee Program (OINP) to expand opportunities for international students and help address local labour needs.		✓		
	Streamline and simplify the application process for various OINP streams, particularly the In-Demand Skills stream.		✓	✓	
	Make the OINP regional immigration pilot and the federal Rural and Northern Immigration Pilots permanent in small, northern, rural, and remote communities.	✓	✓	✓	
Workforce Development	Incentivize domestic and local talent development, and support programs geared towards underutilized talent, including Indigenous Peoples, racialized people, newcomers, people with disabilities, 2SLGBTQIA+ people, women, and other equity-deserving groups.	✓	✓	✓	✓
	Continue to promote skilled trades careers as viable employment options, with intentional outreach to groups traditionally excluded, including women and other equity-deserving groups.	✓	✓	✓	✓



Recommendations

		Government			Industry*
		Municipal	Provincial	Federal	
Workforce Development	Provide training and retraining opportunities to foster the next generation of talent needed to support the construction and manufacturing of housing using innovative and sustainable technologies, including modular construction, 3D-printed housing, tiny homes, and others.		✓		✓
	Develop and expand learning models for architecture, engineering, construction, and other housing-related jobs and incentivize greater employer participation in experiential learning initiatives, including industry-recognized in-class projects, mentorship programs, and Virtual Reality skilled training modules.		✓		✓
Student & Senior Living	Support the construction of new post-secondary housing for domestic and international students, on and off campus.	✓	✓		✓
	Share best practices around maximizing occupancy of existing homes, buildings, and neighbourhoods, including co-living and co-ownership opportunities such as matchmaker services that facilitate shared living arrangements between " over-housed " seniors and students.	✓	✓	✓	✓
	Support innovative, age-friendly housing models, including Naturally Occurring Retirement Communities , supported independent living communities, and affordable retirement and assisted living residences.	✓	✓	✓	✓

*Industry encompasses private, non-profit, post-secondary, and other non-government stakeholders.



Case Study #1

Catalyst Housing: A Regional Tourism Work-Integrated Housing Ecosystem [↗](#)

To help address both labour and housing shortages, Regional Tourism Organization 12 / Explorers' Edge is pursuing a concurrent approach to affordable housing and workforce development for the tourism industry in the Muskoka, Parry Sound, Almaguin, and Algonquin Park region. The Catalyst Housing model aims to attract workers by providing below-market rental housing, alongside career, life skills, and financial literacy training. Each cycle of the model would take place over a potential two-year period, during which participants would work in the regional tourism industry. The organization refers to this new model as a "work-integrated housing ecosystem."

The goals of the model include:

- Incentivizing and attracting workers to the region.
- Advancing careers in the tourism industry.
- Supporting mobility along the housing continuum.

The model seeks to leverage public, private, and non-profit sector investment, with a focus on social enterprise and social impact bonds to ensure sustainable operations. Recognizing disproportionate gaps in housing and employment for marginalized groups, the model intends to serve local residents, Indigenous people, immigrants, women, youth, and students.



Case Study #2

Aecon-Golden Mile: An Inclusive Local Economic Opportunity [↗](#)

The Aecon-Golden Mile (A-GM) project is a construction joint venture between Aecon Group Inc. and the Centre for Inclusive Economic Opportunity, Golden Mile, designed to help build prosperity through inclusive economic opportunities in the Greater Golden Mile district, a commercial area in the Scarborough district of Toronto, Ontario. A-GM is a community-owned (51%) construction company that prioritizes diversity and local hiring, training residents facing barriers to the labour market throughout the district. Most recently, A-GM has been recognized as a preferred vendor by EllisDon and Kilmer Group for Hydrovac services.

Many existing A-GM project positions do not require previous construction experience, and offer competitive pay, tailored job training, and opportunities for advancement.

Goals of the venture include:

- Becoming a contractor of choice for redevelopments in the Golden Mile area.
- Recruiting and training local residents facing barriers in the labour market, including newcomers, women, and other equity-deserving groups.
- Growing local economic opportunities and reinvesting into the community.
- Investing in employees, including full operation and staffing by local residents.



The Housing Continuum

Building and preserving the right types and mix of housing along the [continuum](#) is critical to ensuring all Ontarians can access housing that meets their needs. Currently, housing development targets and policy levers do not fully reflect different household incomes and compositions, nor do they account for external socioeconomic pressures, such as the rising cost of living.

Moreover, different levels of government and industry are not aligned on the definition of “affordable housing.” Housing is generally considered “affordable” if it costs less than 30% of household income before tax. Current housing policies, programs, and funding streams tend to use market-based valuations to determine affordability levels (e.g., 80% of average market rent) as opposed to income-based ones (e.g., rent-geared-to-income). As market rates continue to increase due in part to low supply, high demand, and rising inflation, housing deemed to be “affordable” is increasingly out of reach for households in need.

To help fill supply gaps, recent provincial policy direction has focused on the need to build [“missing middle” housing](#), which will be critical to meet the needs of mid-income households, especially in high demand markets. However, more attention is also needed on the [lower end of the housing continuum](#). While community housing is best suited to provide deep, long-term affordability, it will be critical to leverage the strengths of the private, public, and non-profit sectors to spur affordable housing development along the continuum. In addition to building new housing, it is equally important to preserve existing housing stock, from both an affordability and sustainability perspective.



Housing is generally considered “affordable” if it costs less than **30%** of household income before tax.





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Affordable Housing Development	Incentivize the development of housing options along the continuum to meet diverse housing needs throughout the province, including purpose-built rental housing, missing middle housing, and affordable home ownership (e.g., through dedicated funding streams, tax credits and exemptions).	✓	✓	✓	✓
	Support the renewal and growth of non-profit and cooperative housing, including supportive housing with wrap-around services, to provide long-term, deep affordability for low-income and other marginalized Ontarians.	✓	✓	✓	✓
	Develop a rental housing acquisition strategy to preserve the existing low-end of market rental housing, including by supporting community land trusts .	✓	✓	✓	✓
	Leverage surplus public lands and other assets for affordable housing development (i.e., by requiring that a portion of all government land sales include an affordable housing component).	✓	✓	✓	
	Create distinct strategies to address regional challenges in housing supply and affordability in rural, remote, northern, and Indigenous communities.	✓	✓	✓	
Stakeholder Alignment	Establish common definitions of affordable and attainable housing, with a focus on outcomes and considerations for regional variation in market rates, income levels, cost of living, etc.	✓	✓	✓	✓



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Stakeholder Alignment	Assess and implement best practices to promote public education and awareness around the value proposition of affordable housing development and gentle densification along the continuum.	✓	✓		✓
	Clarify policies around the governance, operations, and maintenance of affordable housing developments and inclusionary zoning housing units to ensure successful tenancies, manage risks, and facilitate strong working partnerships between the private, public, and non-profit sectors.	✓	✓		✓
Innovation & Financing	Support the development and expansion of innovative technologies (e.g., modular construction and 3D-printed housing) and data tools (e.g., the Rural Housing Information System), including by sharing best practices across the province.	✓	✓	✓	✓
	Continue to improve capacity and processes at the Landlord and Tenant Board to ensure swift access to justice for landlords and tenants, including by implementing recommendations from the recent Ombudsman of Ontario report .		✓		
	Enhance the National Housing Strategy by recommitting to deeper market and non-market housing affordability, including by providing low-interest loans and other financing options, and expediting approvals and funding disbursements.			✓	
	Provide HST relief for affordable housing development.			✓	

*Industry encompasses private, non-profit, post-secondary, and other non-government stakeholders.



Case Study #3

Rural Housing Information System: Filling the Housing Data Gap

With funding through the Canada Mortgage and Housing Corporation (CMHC) Housing Supply Challenge, the Rural Ontario Institute and founder, Eastern Ontario Wardens' Caucus, developed a locally driven tool to help fill the housing data gap and drive affordable housing development in rural Ontario. The Rural Housing Information System (RHIS) aims to support municipalities, private developers, and non-profits in planning for and building housing in rural communities. Piloting in Eastern Ontario, the RHIS centralizes relevant regional housing data, including demographic trends, average home and market rental information, available zoned land, building costs, available incentives, and housing assets, amenities, and local organizations open to collaboration.

Ongoing goals of the RHIS include:

- Streamlining and enhancing data collection and access.
- Supporting strategic housing development planning.
- Facilitating appropriate affordable housing development.
- Keeping residents in their communities of choice.
- Expanding the RHIS across the province.



Case Study #4

North Church Court: Niagara Region Supportive Housing

In response to a growing need for local, affordable housing options in the Niagara Region (which currently has approximately [5,500](#) households on the waitlist), Bethlehem Housing and Support Services partnered with FirstOntario Credit Union and Penn Terra Group Limited to develop North Church Court in downtown St. Catharines. This unique partnership garnered further support from local community agencies, and municipal and regional governments.

North Church Court provides permanent supportive housing to 127 households previously experiencing homelessness, including accessible units for people with disabilities, on-site resident support services, a daycare facility, and other community services.

The partnership aims to illuminate best practices that can guide and encourage stakeholders across sectors and regions to better collaborate on the development and maintenance of affordable and supportive housing options.



Infrastructure and Land Use Planning

There are currently more than [1.25 million](#) potential homes in Ontario's municipal development pipeline, slightly below the Province's target of building [1.5 million](#) homes by 2031. However, the CMHC estimates an additional [1.85 million](#) units (2022) would be needed in Ontario beyond what is already being built or in the pipeline to restore housing affordability.

Beyond labour shortages and a need for more affordable housing options across the continuum, Ontario faces challenges around accelerating and modernizing the development cycle process from planning to completion, which currently takes an average [10-to-11-years](#). This is in addition to insufficient funds at the municipal level resulting in aging, outdated infrastructure assets and growing infrastructure deficits, compounded by the [effects](#) of climate change.

Delivering on affordable housing supply will require meaningful and timely development, approvals, and consultations, gentle densification that utilizes the built environment, and investments in the expansion, maintenance, repair, climate resilience and adaptation of municipal assets to support densification and ensure thriving, complete communities.



1.85 million

additional units would be needed in Ontario beyond what is already being built or in the pipeline to restore housing affordability.





Recommendations

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Asset Management	Address municipal infrastructure backlogs and deficits by investing in the expansion, maintenance, repair, and resilience of infrastructure assets.	✓	✓	✓	
	<p>Create rules and incentives through the Ontario Building Code and other policy levers to:</p> <ul style="list-style-type: none"> • Develop accessible, mixed-use, climate-resilient, and green housing supply. • Retrofit, convert, and repurpose vacant buildings. 	✓	✓	✓	✓
	Identify buildings for potential conversion and investigate potential barriers, including land transfer taxes and the Ontario Building Code.	✓	✓		✓
Development & Approvals	<p>Review infrastructure and land use planning, procurement, approvals, environmental assessments, community consultation, and development processes to reduce friction and delays without compromising an appropriate level of public accessibility to project consultations and the integrity of the environment, protected areas, and agricultural lands. This includes:</p> <ul style="list-style-type: none"> • Aligning targets, regulations, and approvals across and between levels of government (e.g., one-window digital platform approach such as the Simcoe County pilot project). • Utilizing new methods and technologies to streamline and digitize parts of the process (e.g., Lean Sigma methodologies and e-permitting). • Providing timely project pipeline information to enable consulting engineering firms to implement government infrastructure plans successfully. 	✓	✓	✓	✓
	Explore opportunities to increase the rate of construction and incentivize developers to build in a timely manner once approved for permits to build.	✓	✓		✓



Recommendations

		Government			Industry*
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Development & Approvals	Identify opportunities to foster greater social cohesion and engagement with Indigenous communities, equity-deserving groups, and small and diversely-owned businesses, while mitigating concerns from existing residents early in the planning-development process.	✓	✓		✓
	Clarify intent to address the loss of municipal revenue from development charges and set a fiscal policy to ensure the loss of this revenue will not impact municipal capacity for development.	✓	✓		
	Explore opportunities and incentives to reward municipalities for housing growth that meets or exceeds provincial targets, accelerated approval timelines, and inclusionary zoning practices.	✓	✓		
Land Use Planning	Continue to promote housing supply growth, missing middle solutions, and gentle densification, especially around transit, while minimizing disruption to natural assets, green spaces, agricultural lands, and employment lands.	✓	✓		✓
	End exclusionary zoning and expand as-of-right and inclusionary zoning to promote the development of a diverse mix of housing types in residential areas (e.g., accessory units, purpose-built rentals, infill and densification, mixed-use and mixed-income developments, etc.), while recognizing the value of market-driven investments.	✓	✓		
	Incorporate a minimum standard set of guidelines in alignment with the Ontario Building Code for tiny homes, accessory dwelling/secondary units, missing middle, and modular housing.	✓	✓		

*Industry encompasses private, non-profit, post-secondary, and other non-government stakeholders.



Communities across Ontario are increasingly looking to convert and repurpose vacant buildings into residential property, including offices, retail, churches, and schools.

Following initial [success](#) in Calgary, the City of London, Ontario, [recently announced](#) plans to consider an incentive program to promote conversions of its vacant office buildings into residential units. The [Downtown Calgary Development Incentive Program](#) subsidizes the costs of office-to-residential conversions by developers and helps support downtown core revitalization and economic activity. This program has created five office-to-residential conversions, adding 700 new residential units to the downtown core, with more on the way. London currently has a [22%](#) office vacancy rate, with several buildings ripe for repurposing. As a first step, the City of London will be completing a core area vacancy study this year to better identify buildings for potential conversions.

Beyond building conversions, efforts are also underway throughout Ontario to tackle aging residential assets and climate change through building [retrofit initiatives](#). CityHousing Hamilton Corporation - a municipally-owned social housing provider - alongside government and industry partners are leading the charge by [retrofitting and transforming](#) the failing 50-year-old Ken Soble Tower with 146 affordable housing units into a building with best-in-class performance in energy efficiency, accessibility, health, and comfort.

With support from the Federation of Canadian Municipalities' Green Municipal Fund, the project looks to:

- Improve overall quality of life for tenants.
- Dramatically reduce the building's environmental impacts.
- Help meet the growth in demand for affordable and accessible seniors housing.
- Provide new community spaces.
- Support tenants and the surrounding neighbourhood with social services.

