TORONTO'S NEW SOCIAL HOUSING WAITING LIST:

PUTTING THE CHOICE-BASED RENTAL MODEL INTO LOCAL CONTEXT

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Casey Craig
BA Hons, Carleton University, 2007

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Abstract

Choice-based rental models are under consideration in Ontario for their ability to provide more client-centric service while increasing efficiency and cost-effectiveness for housing providers. They are compelling because of their potential for empowerment and provision of housing choice, though it remains unclear how exactly it achieves these outcomes. This paper asks how a choice-based rental model can help achieve improvements to affordable housing policy, reallocate scarce resources, and improve neighborhood planning in Toronto. Implementation issues and successes associated with the model are discussed through a review of literature and a case study of Toronto Community Housing's 'My Choice Rental' pilot program. Recommendations for the model's use in a growing urban centre like Toronto, Ontario include data collection and preference tracking to inform housing policy updates, using technology to improve the user experience, and conducting and participating in research to determine whether the model is performing as intended.

Key words: social housing wait lists, choice, choice-based lettings, housing policy, Toronto Community Housing Corporation

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1   Introduction

Safe, adequate and affordable housing is an important part of a well-functioning, healthy city. Toronto is rapidly growing with diverse residents who have diverse housing needs. There is a limited supply of affordable housing available to growing segments of low income households across Toronto, and the waiting list for subsidized, social housing exceeded 173,816 individuals at last count in December 2015 (Housing Connections, 2015b). This results in lengthy wait times for a suitable unit, which can be anywhere from three to six years, on average (City of Toronto, 2015). This paints a discouraging picture for a city that is only expected to grow and accommodate more and more people in the coming decades. With long wait lists and a lack of suitable, affordable housing supply, the city will have to investigate ways to address the gap in affordable housing supply and demand.

The methods of access to this limited supply of social housing has been under review lately in some municipalities in Ontario. In 2011, The *Housing Services Act* replaced the *Social Housing Reform Act* (2000) as the guiding legislation for the administration of housing programs. *The Social Housing Reform Act* (SHRA) required service managers to establish and administer wait lists for any social housing under its authority (SHRA, 2000). Under the *Housing Services Act* (2011), local housing service managers have been given the opportunity to change, improve or tailor their wait lists management system in a way that best suits their needs (City of Toronto, 2015b; Housing Services Corporation, 2013). Some Ontario municipalities are taking this opportunity to review the status quo and explore changes to the wait list for improved efficiency and customer service, using pilot studies to test out options like the choice-based rental model (Housing Services Corporation, 2013; Region of Peel, 2014; City of Toronto, 2015b; City of Toronto, 2015). Lengthy wait times and the costs associated with maintaining and administering distribution wait list models have motivated two Ontario cities to initiate pilot studies in search of a more cost-effective, client-focused delivery model (ONPHA, 2014).

The Region of Peel piloted a version of a choice-based model to improve access to affordable housing for its residents. Peel's choice-based initiative allows residents to either accept a subsidy within their existing residence (private or social housing), or use the subsidy to move to a location of their choice (private or public landlord) (ONPHA, 2014). In contrast, Toronto Community Housing Corporation (TCHC) piloted a

different choice-based initiative based on a similar model in use across the United Kingdom and the Netherlands, which is the choice-based rental model that will be focused on in this paper.

TCHC acknowledges that the documented improvements in efficiency and cost effectiveness are strong motivators behind choosing to explore a choice-based rental model (City of Toronto, 2013; City of Toronto, 2015b). However, TCHC has promoted the choice-based model by highlighting its potential to empower households by providing them with more information and allowing them to actively choose housing options (City of Toronto, 2013; City of Toronto, 2015b; Cressman, 2014). The underlying assumptions are that the choice-based model will allow users to feel like they have more control over the housing process, thereby becoming more invested in the housing and the neighbourhood they choose (Cressman, 2014).

The choice-based rental model holds a lot of promise for Toronto, and other Ontario cities struggling to provide fair, transparent, and efficient access to affordable housing in times of growth. Major cities like Toronto hope that adopting a choice-based rental model will kill two birds with one stone; efficiency will improve, achieving significant cost savings, and residents will be better served by a system that allows them to exercise choice in their neighbourhood and housing, resulting in happier tenants and more stable communities.

The literature indicates that the choice-based rental model successfully improves administrative efficiencies for housing providers. It is also clear that overall, users appear to prefer the choice-based rental model to other wait list management systems because they feel that the model is more transparent and fair. Often, users will also report that they *feel* like they have more choice using this kind of model.

On the other hand, academic criticisms of the choice-based rental model point out that the model has the potential to segregate communities, further marginalize vulnerable groups, neglect high-needs users, and shift the responsibility for housing related matters from housing administrators to social service providers. Perhaps most importantly, governments are failing to pay attention to the very basic idea of what choice actually means. The ways in which the choice-based rental model promotes and improves choice and empowerment are not clearly articulated or explored by its proponents.

Toronto is making plans to implement a choice-based rental model. In this endeavor, it is important that the City is informed, educated and aware of the potential unforeseen consequences of overhauling the present system. It is equally important that any potential opportunities to be realized be top of mind. Research, data tracking, using improved technology, and phasing the implementation of the model to gather baseline data are examples of the opportunities to be seized in the transition from the current distributional waiting list system to the choice-based rental model. Having a balanced understanding the new model will allow the greatest possible benefits to be achieved in its implementation.

Ultimately, the goal of this research paper is to connect household choice to policy decisions and resource allocation. This research aims to answer the question, how can a choice-based rental model help achieve improvements to affordable housing policy, reallocate scarce resources, and improve neighborhood planning in Toronto? This major research paper will critically review the literature on the choice-based rental model, examining the documented successes, concerns and purported shortcomings of the model. Given that there is very little empirical research or academic study available on the Canadian context of choice-based rental models, this paper will study the case of Toronto Community Housing Corporation's 'My Choice Rental', a pilot of a choice-based rental model for administering a selection of their housing units. The case study will provide insights into implementation issues and achievements associated with the choice-based rental model within the growing major urban centre, Toronto Ontario.

The findings of the literature review and the insights from the case study will inform recommendations for the implementation of the choice-based rental model in the Toronto context, future housing policy proposals or amendments, and urban planning research and practice.

2   Topic Motivation

Toronto Community Housing Corporation (TCHC) is the largest social housing provider in Canada (TCHC, 2016a). They are the first housing organization in Canada to seriously consider adopting a choice-based rental model for the administration of its social housing program. Considerable time, money and resources were allocated to a pilot project to examine the efficacy of the model in the Toronto context. Additional commitments will be necessary to fully implement the 'My Choice Rental' program that TCHC proposes.

Cities with extensive experience using choice-based rental models usually advocate for the model on the basis of cost savings. Cities using choice-based rental models have demonstrated that the model results in reduced administrative costs and time spent re-renting apartments (Jones & Pawson, 2009). However, the related literature raises concern about the implications of a choice-based rental model on individual applicants, social networks and neighbourhoods. There are benefits to be realized by adopting a choice-based rental model, but there are also unintended consequences to be aware of.

Understanding the implications of overhauling the existing distribution waiting list system is important politically, socially and for the health of Toronto's neighbourhoods in the future. Furthermore, the literature points to areas of potential improvement for the choice-based rental model, and these should be understood and considered by a city intending to adopt a choice-based rental model. Toronto has the opportunity to learn from the years of experience the United Kingdom and the Netherlands has with the model. There is potential to build a system that addresses some of the criticisms of the model and better meets the needs of its users than it otherwise might by using the basic model without modification. Modifications might include the ongoing collection of choice related data (preferences in building style and quality, unit sizes, neighbourhood, area amenities, etc.); choosing more appropriate ranking and selection criteria for the waiting list; and making changes to the ways that applicants with a special priority interact with the waiting list. Having a more detailed understanding of choice-based rental models may lead to improvements in housing policy and the adoption of more appropriate tools to administer social housing programs.

But, what if we are getting it wrong and the most fundamental element of a choice based model – choice – is not being properly offered? How can we improve? What can we do to make sure that customers are

indeed more empowered and have more choice in their housing options overall? How can we redesign the waiting list system to promote better policy and planning outcomes? These are questions decision makers should be asking themselves in the midst of all of the discussion and due diligence in search of a more client-focused method of service delivery for social housing in Toronto.

3   Wait List Background Information

Social housing providers manage waits lists in different ways across cities, provinces, within Canada, and across continents. In Ontario, the *Housing Services Act* (2011) requires housing service managers to have a system in place for managing the selections of households waiting for subsidized housing. Most service managers, which in Ontario refers to the municipality or district social services administration board having authority over housing (MMAH, 2016c), have adopted a distribution model. Distribution wait list models are usually centralized and follow a chronological order in the selection of waiting households by housing administrators. However, each service manager is free to make choices about how to administer the list, and local policy directives can be issued by service managers that reflect the local context (Housing Services Corporation, 2013). Recently, some Ontario service managers have begun investigating the potential value and cost-effectiveness of other wait list models, namely the choice-based rental model, through pilot projects (Housing Services Corporation, 2013; ONPHA, 2014).

The term 'choice-based' rental model can refer to a model that promotes choice in different ways, as was shown by Peel's 'choice-based' initiative. Any social housing allocation mechanism that promotes, encourages or improves applicant choice may be called a 'choice-based' model; it does not have to be premised on a wait list. However, the most common understanding of the 'choice-based' rental model is the model that uses advertisements to highlight vacancies for all eligible applicants, requiring them express their choices through bids. This is the choice-based rental model that this research paper will focus on, keeping in mind that there may be other ways to promote and enhance choice in a social housing allocation mechanism.

The choice-based rental model, like the distribution model, can be administered in different ways depending on the local rules and directives of the service manager, though both wait list models have similar fundamental frameworks that underlie most iterations. Both the distribution waiting list model and the choice-based rental model employ a centralized, chronologically ordered wait list that begins with determining household eligibility for subsidized housing. The way in which potential renters interact with both types of lists, however, is different. The following sections will outline background information on each type of wait list.

3.1   Toronto's Distribution Model

In Toronto, those hoping to secure a subsidized housing unit are placed on a centralized waiting list managed by Housing Connections, a subsidiary of the City of Toronto's Shelter Support and Housing Administration (SSHA) unit (City of Toronto, 2015d). Until recently, Housing Connections was a subsidiary of TCHC. In May 2015, City Council directed that Housing Connections' waiting list functions be reallocated to the City of Toronto's SSHA unit. The transfer of responsibility was complete in October 2015 (City of Toronto, 2015d), and was meant to make it easier for the City to facilitate and implement changes and updates to the waiting list system, and to better connect the waiting list with housing related services (City of Toronto, 2013).

The distribution wait list model is a passive system that asks applicants to apply and then organizes the applicants according to some set of ranking criteria. The applicant must wait for an offer from a housing provider (the housing provider distributes offers). In some cities, each housing provider manages their own separate waiting list. In others, a centralized distribution wait list is adopted where the municipal service manager manages one master list with various subsidiary lists for each building, or individual housing provider within the municipality. Many Canadian cities operate some form of distribution model wait list, with local service manager rules and directives that vary based on the local context (Housing Services Corporation, 2013). Often, applicants are ordered chronologically by application date on a distribution wait list.

In Toronto, applicants are first screened for eligibility based on income in order to be added to the distribution model waiting list. Once they have been approved, they must indicate housing selections in order to be added to the centralized, chronological waiting list. The City of Toronto (2013) succinctly summarizes the complicated application date procedures as follows:

> Currently, each application is given a date for chronological priority based on the initial date of application. At the time of the initial application, the applicant indicates a number of specific housing choices and is placed on the subsidiary waiting lists for those buildings using the initial application date. If, at some later date, the applicant adds new preferences for a different housing provider, they are assigned a new date for that subsidiary list. If the preference is for a building with a housing provider that was on their original application, they retain the original application date for the additional building. (p.11)

Applicants often find the distinction between their waiting list dates of original selections and new selections confusing. Sometimes, applicants may be on the waiting list for many years before adding a new selection. If that selection is not with a housing provider from their original selections, the applicant is effectively starting at the bottom of the subsidiary waiting list for their new building selection, and is at a disadvantage for this selection even though they have already waited a number of years on the list (City of Toronto, 2013).

Some applicants may be given a priority status if they qualify under provincial or local rules. Priority status is given to applicants who are victims of abuse, and often to applicants who are terminally ill. Other, considered less urgent priority statuses include over housed tenants (those who are living in rent-geared-to-income housing in a unit with more bedrooms than they qualify for) (Housing Services Corporation, 2013), homeless, separated families, newcomers who are homeless and youth who are 16 or 17 years old upon registration (Housing Connections, 2016). If an applicant qualifies for a special priority, they will be considered for housing ahead of other chronologically placed applicants (Housing Connections, 2016). Applicants must then wait for housing providers to call them with a unit vacancy for their chosen buildings when their name comes to the top of the list (Housing Connections, 2015; The Registry, 2015; City of Toronto, 2013).

The wait time for an applicant to receive an offer of housing can be as long as 10 years for a one bedroom unit (City of Toronto, 2014b; Cressman, 2014). Wait times depend on a household's location choices, housing needs and the actual number and range of housing selections they have made (City of Toronto, 2013). Households are granted three offers in total; if a household refuses all three offers of housing, their application is cancelled (Housing Connections, 2016; City of Toronto, 2013). Should they wish to receive further housing offers, they must submit a new application to be added to the waiting lists, and they will be placed at the bottom of the chronological list (Housing Connections, 2015; The Registry, 2015; City of Toronto, 2013).

A major strength of using one centralized, distributional wait list is that applicants have a one stop shop where they can apply for multiple housing options across different social housing providers in an area (Brown & Yates, 2005). In Toronto, applicants fill out one single application and are able to access housing options from "all subsidized units in the Toronto Community Housing portfolio as well as units in more than 240 smaller private non-profit and cooperative housing providers that operate under City

administration" (City of Toronto, 2013, p. 20). Applicants are able to view options for different neighbourhoods and housing types in one place rather than having to seek out each affordable housing provider across the city and fill out individual applications. This increases administrative efficiency for the housing provider, and also streamlines access for the applicant. It also leads to more efficient use of a city's social housing stock, allowing applicants to choose from a wider range of options and making buildings in low demand areas more visible to applicants. Applicants also benefit from only having to remember one location and phone number to follow up with questions about the waiting list or their housing options over time. Applicants are required to check in with the waiting list manager once annually in order to remain active on the waiting list. They are free to make updates to their selections at any time. While this system is a more passive one, it allows applicants to make one application and does not demand a significant amount of time or energy, which may be better spent elsewhere.

Though the distribution wait list model provides easier applicant access and requires minimal ongoing efforts from an applicant, there have been some concerns raised about how this type of wait list affects applicant behaviour and neighbourhood outcomes. The Ontario Non-Profit Housing Association (ONPHA) publishes an annual report on wait list statistics. In Toronto, Housing Connections also publishes their waiting list statistics every three months. Applicants are well aware of the lengthy wait times they face when applying for social housing. As such, this leads to inflation of the waiting list because applicants will place themselves on the list anticipating their future need for housing even though they do not have any immediate or urgent need for the unit at the time (van Daalen & van der Land, 2008). Furthermore, when applicants receive a housing offer after a number of years in waiting, they may be more inclined to refuse the offer knowing they may have to wait slightly longer, but hoping that they may be offered a more suitable option (Kullberg, 2002; van Daalen & van der Land, 2008). This contributes to the administrative inefficiencies that are reported by housing providers using the distribution wait list model; often housing units are offered multiple times before a household will accept an offer. In the case of Toronto, an average of 9 phone calls are made by housing staff before a vacant unit is accepted (City of Toronto, 2015b).

Brown and Yates' 2005 paper on choice-based rental models highlighted a further issue with the distributional wait list system that ranks applicants according to those with the highest needs. Prioritizing applicants with the highest needs (victims of abuse and the homeless, for example) has the ability to further perpetuate the segregation of vulnerable populations. Those with urgent needs for housing are prioritized, and this can lead to concentrations of high needs, vulnerable households in some

neighbourhoods or buildings. Housing providers are required to offer housing to the highest priority applicant interested in the vacancy, and that can result in small buildings housing only priority, high needs households (Brown & Yates, 2005; Page, 1993). Often, these buildings see the lowest demand from the chronological applicants, as high needs populations can come with stigma and social issues as a result of mental health problems, addictions, and a general lack of preparedness for the responsibilities of successful tenancies.

3.2   What is the Choice-Based Rental Model?

Choice-based rental models were first introduced in the early 1990s in Delft, a city in the Netherlands and as such, choice-based rental models are often referred to as the Delft model (Kullberg, 2002). When its use in Delft was deemed successful, the choice-based rental model was implemented in many other cities in Europe. Originally, national governments controlled and managed social housing wait lists using distribution models, but legislation evolved to allow more direct input and control from local level authorities, who favored the newly tested Delft model for its efficiency and engagement of its users (Kullberg, 2002).

Service managers in Ontario are similarly looking to move away from the distribution model waiting list to the choice-based rental model. This is now possible with the implementation of the *Housing Services Act* (2011), in which the province gave cities the ability to be flexible with wait list management practices. Municipalities are now able to create locally responsive wait lists for improved efficiency and better customer service (Housing Services Corporation, 2013). The basics of the choice-based rental model as outlined below were used by TCHC in the development of their pilot program, 'My Choice Rental'.

The choice-based model has been implemented in European cities with slight variations in administration and rules according to the local circumstances (Brown & Yates, 2005; DETR, 2000; Kullberg, 2002). The process begins with housing administrators releasing advertisements for available social housing units. These advertisements may be in the newspaper, on television, on a website, or a combination of these and any other widely accessible medium (Kullberg, 2002; van Daalen & van der Land, 2008). The advertisements are usually open for a set amount of time, and eligible applicants must actively express interest, or bid, on upcoming vacancies. Applicants may bid on as many advertised housing vacancies as they wish. Once the bidding period closes, applicants are ranked according to whether or not they have a

priority status and the length of time on the building's waiting list, and the vacancy is offered to household with the highest position on the bid list (City of Toronto, 2015; Kullberg, 2002).

In a choice-based rental model, the advertisements normally include a lot of detailed information. A photograph is usually available, and details about the housing unit on offer are provided, such as the neighbourhood location, the housing type (for example, single family home or apartment building), and the number of bedrooms. The advertisement will usually specify any qualifying criteria, such as household size minimums or maximums, and income levels (Kullberg, 2002). As the 2000 DETR paper puts it, "choice should be well informed", meaning people should know as much about the unit as possible and what their chances are of receiving the housing (p. 82).

To assist households in making well informed choices, the model has evolved over the years in some cities to include feedback to applicants about the characteristics of the household who won each bid. Although this can be an onerous task on the part of the housing provider, it has been an important way to promote the perception of fairness and transparency in process. Feedback details might include household's size, length of time on the waiting list, whether there was a priority attached to the household, and the number of bids the vacancy listing received (Marsh et al., 2000). Housing administrators believed that active households would be able to use this information to make judgements about their own likelihood of being accepted for a similar unit in the neighbourhood (DETR, 2000; Marsh et al., 2000). Some households may find that this information gives them the ability to make adjustments to their bidding behaviors in the future, but Kullberg (2002) found that often, applicants have a great deal of trouble estimating their chances of success based on this information. The 'My Choice Rental' pilot program intended to supply this feedback information, but as the case study will show, applicants were dissatisfied with the information they received.

The choice-based rental model moves away from the focus on a needs based housing allocation approach of the distribution model to a choice-based approach where users are meant to feel empowered to make decisions about where they want to live (Kullberg, 2002). The choice-based model is also meant to provide transparency in the housing allocation process (Kullberg, 2002). It is important to note the notion of introducing more choice into the allocations process is most effective in areas where the social housing stock is varied enough in terms of quality, rent levels, housing typology and location that the user of the model feels that they are actually making a choice (Kullberg, 2002). Ideally and theoretically, users of the

choice-based rental model will make housing choices that reflect the needs of their households and will balance the trade-offs of wait times against those needs (Kullberg, 2002).

4 Literature Review

This chapter summarizes the leading research to date from the United Kingdom and the Netherlands on choice-based rental models and their applications and outcomes in differing contexts. It further outlines the arguments made in favor of a choice-based rental model, and those made against its use.

4.1 Prior Research

The majority of the research into the value, efficacy and impacts of choice-based rental models has been conducted in Europe and the Netherlands, mainly because the model has not been in use in other parts of the world. Literature on the distribution model was found only in relation to choice-based model. Choice-based rental models became commonplace in the United Kingdom in the 1990s, and legislation evolved to allow the model to operate with slight differences in local directives and operations (Kullberg, 2002).

Assumptions and common findings

In England in 2000, the government body responsible for housing policy, the Department of the Environment, Transport and the Regions (DETR, dissolved in 2001), released a green paper that aimed to guide housing policy reform and modernisation. The main theme of the paper was "giv[ing] tenants in social housing real choice over the homes they live in" (p. 12). Their report outlined that they believed that a choice-based rental model had the potential to empower applicants to be active in the housing allocations process, create sustainable communities and make good use of the existing housing stock. This is an often cited document telling the government perspective of the merits of the model. However, the aspirations and claims of the paper go unsupported by research and evidence. No matter the good intentions, it is unclear how exactly a choice-based rental model is to achieve the goals of empowerment, social cohesion and provision of housing choice.

Several themes emerged from the literature on choice-based rental models, some of which are based on theoretical reviews of the model, and others that are based on observational study of in-place choice-based models. First and foremost, several researchers in England and the Netherlands came to conclude through applicant surveys and interviews that a choice-based rental model was broadly appreciated by its users. Applicants felt that the choice-based model's process is more fair and transparent than other standard distribution wait lists (Brown & Yates, 2005; Kullberg, 2002; Marsh et. al, 2004). On the other

hand, these studies have shown that the model required a lot of time and energy from applicants, and that the system was difficult to understand and use (Brown & Yates, 2005; Kullberg, 2002; Marsh et. al, 2004). As such, some authors have stated that supports must be in place in order to ensure that applicants are able to effectively and successfully use a choice-based rental model (Brown & Yates, 2005; Marsh et. al., 2004). It was noted that choice-based rental models should be providing applicants with more information and advice, using technology to improve the housing provider's administrative efficiency, and streamlining communications for the applicants (Brown & Yates, 2005). Furthermore, evaluations of choice-based models have consistently demonstrated that they result in being able to re-rent units more quickly and result in cost savings for the housing provider (City of Toronto, 2015b; Brown & King, 2005; Marsh et. al, 2004).

Supply and demand

Supply and demand considerations also emerged frequently within the literature. Many researchers pointed out that the model does not address the root problem of a city's affordable housing supply shortage, and on its own, cannot correct the problems that belie high demand areas with a shortage of housing options for low income households (Brown & King, 2005; Brown & Yates, 2005; City of Toronto, 2015b; Housing Services Corporation; ODPM, 2004). Some cities have areas or neighbourhoods that are in high demand with inadequate supply to satisfy house seekers. Other areas have an adequate supply that does not see any demand. Cities adopting a choice-based model should be examining ways to capture demand and user preferences (DETR, 2000) to be able to put forth policy that work towards addressing the supply imbalances, making it easier and more desirable for any and all applicants to choose a wider range of housing options.

Determinants of success

Some unique findings were reported within each study of applicant impressions towards the choice-based rental model. Kullberg (2002) found that housing preferences (which may be broad or very limited) were the strongest factor in determining whether an applicant would find housing through the choice-based rental model. The more specific or rigid a household's preferences were in dwelling type, size, rent level and neighbourhood, the less successful they were in finding housing. With more flexibility in preferences, households generally saw more housing success. Having an adequate understanding of the system was also a very important determinant of success. Kullberg's assessment also includes an interesting finding, that a household's circumstances, or their ability to wait for better housing options, greatly influences the

perception that they are exercising a choice. Those with decent current circumstances, or who are living in situations that they feel they feel are tolerable for an extended period of time, will be willing to wait longer for better offers, resulting in greater perceived choice.

What does "choice" mean?

Brown and King (2005) and Brown and Yates (2005) were among the first to engage in a full discourse about what it means to have true choice in social housing when many other researchers were focused on the best practices and the practical successes of the choice-based rental model. Their research, along with that of Brown and Yates (2005), found that in England, governments appear to be disproportionately focused on the efficiency of operations when implementing a choice-based rental model, and choice often appears to be a secondary function. This conclusion is based on their observations that most of the studies of the choice-based model focus on how they are developed and operated, with an emphasis on improving efficiency. The authors work with idea of "effective choice" (King, 1996) which ties one's choice to access to resources. A household only has real, or "effective choice", when they have the ability to change or control their current circumstances and the options in the environment to put choices into action. Brown and King (2005) note that "choice is being introduced as a different bureaucratic means of allocating social housing" (p. 71), and in many cases may not be linked to environments with distinct alternatives between which a household may be able to develop and express preferences. Cities and housing associations may not be providing choice if they are only able to offer a limited range of housing type, size, quality and location.

Choice-based rental model modifications

Van Daalen and van der Land (2008) sought to deliver a summary of the evolution of allocation systems from distribution wait lists to choice-based wait lists. Their work outlined the changes the allocation system went through over the last twenty years in the Netherlands, and provided a short review of current choice-based rental models and new initiatives to improve or replace them. As part of their review they examined three cases of choice-based rental model modifications.

The first scenario looked at the impact of abolishing selection criteria related to income and household size in order to increase freedom of housing choice. They found that in this scenario, low income households had fewer options because of the competition, defeating the purpose of the system to provide

low income households with affordable housing. Middle income households crowded out the low income households in search of affordable dwellings.

The second scenario employed a lottery system to allocate housing. Like the choice-based rental model, house seekers replied to advertisements, but in the lottery method the successful applicant was determined by a draw. Findings showed that this method increased the chances for those who have waited fewer years on the wait list (for example, young people and first time renters). This was likely because there were higher numbers of younger, new applicants on the wait list compared to those who had been waiting a number of years, unhoused. Unfortunately, people felt less confident that they would find something suitable in this system. Ethically, it is questioned whether a draw is the most appropriate way to administer something as important as affordable housing. Ultimately, no conclusion was reached as to whether the lottery system actually made things more efficient, which is often a key driver in the implementation of a new system. It was suggested that combination approaches are good at addressing applicants' pressing needs at the same time as improving efficiency and transparency. For example, using a lottery for those who have low demands and high needs (priority households, perhaps), paired with an option to use length of time on the wait list for those who have registered in advance and whose needs are less urgent but more specific.

The third scenario involved a combination of a choice-based rental model, a lottery and an 'options system', called the POL model, the goal of which was to create more liveable neighbourhoods. Applicants were required to fill out a lifestyle questionnaire. The housing association provided choice to applicants by asking them to choose clusters of 'model' dwellings. A computer drew a random list of applicants interested in a cluster model. When a unit became available in a cluster, the housing provider matched the unit with applicants from that computer generated list whose lifestyle best matched those of the current neighbourhood residents (the housing provider has the final say on who gets the apartment). The evaluations were inconclusive as to whether the POL model was successful at matching people with similar lifestyles – there may still have been lifestyle conflicts in practice. People tended to see this model as decreasing transparency, and decreasing choice for housing applicants. They also felt it was flawed because it was based on untested ideals of social mixing. Furthermore, it brings to mind a sense of organizational social engineering that could lead to discrimination.

Overall they found that efforts to provide applicants with more choice in housing put lower income households at a disadvantage in high demand areas, because they are competing with middle income households more directly. Their scan of the research also indicates that combination approaches that emphasize efficiency alongside varying ranking criteria for different types of applicants can lead to fairer processes and outcomes.

Neighbourhood effects

A small body of literature is specifically related to neighbourhood effects. The research that does exist can be inconclusive given the complicated and ever-changing nature of neighbourhoods. One review of the choice-based model by van Daalen and van der Land (2008) suggested that the model can lead to spatial segregation of households by income, as households with the fewest resources locate in the areas that see the least competition. Van Ham and Manley (2009) conducted a study in England, examining whether choice-based rental models have an effect on self-segregation into ethnically concentrated neighbourhoods. They compared original and new household data and dwelling information against ethnicity of each household. Their study revealed that choice can indeed lead to self-segregation, particularly for ethnic minority groups. Ethnic minorities were more likely to accept offers of housing in ethnically concentrated neighbourhoods than other neighbourhoods, and did so more often than non-ethnic minority groups. However, the effects of a choice-based rental model were small. Ethnic minority groups may be likely to choose ethnically concentrated neighbourhoods regardless of the allocation method that is used.

Additionally, Pawson and Kintrea's (2002) review of housing policy in England and Scotland and noted that the choice-based rental model is unlikely to positively influence neighbourhood social cohesion and social inclusion, challenging the assumption that the model will result in healthier, more sustainable communities. The authors concede that the model is not likely to result in *greater* instances of social exclusion or "unequal outcomes" (p. 661) but it is also not likely to *improve* the neighbourhood circumstances because it does not address "how to attract people with less housing need to the worst areas and properties" (p. 661). Their assessment of the benefits of the choice-based rental model is that it lifts the paternalistic nature of the housing allocation system in social housing, asking households to be active participants in the process, a view shared by Pawson and Watkins (2007).

Literature gap

The literature is heavily concentrated on choice-based rental models and the policy that surrounds them, their evolution, and the experiments that aim to pull the model into modern times (Pawson & Hulse, 2011). There is an abundance of grey literature and green papers that discuss the potential administrative improvements, transparency, and fairness in housing allocation, but there is a notable lack of research around the impact of choice-based rental models at the neighbourhood and individual scale. It remains unclear whether the model contributes to the creation of sustainable communities, and there is limited information on how the model affects individual behavior.

The research to date only addresses choice-based rental models in the European context. There is next to no Canadian research, only the expressed desire for some governments to pilot a choice-based model. Furthermore, the modernisation, or upgrade, of the model has been explored only insofar as basic technology and access to the internet can improve the user experience and administrative efficiency. Given the rapidly changing populations and diverse housing markets of growing cities, a discussion needs to be had around how to take advantage of the choice-based model as a system that can help identify important improvements required within cities. This major research paper aims to provide an overview of the strengths and weaknesses of the model with comparison to a distribution model in Toronto, Canada. The Toronto context will be explored though a case study where Canada's largest social housing provider piloted the choice based rental model to build a case for its implementation. Finally, recommendations will be made based on the lessons learned from the literature and the current context of Toronto.

4.2   Strengths and Weaknesses of the Choice-Based Rental Model

The literature outlines a number of arguments that support the use of a choice-based rental model for social housing wait lists. Alternatively, there are many criticisms and concerns about the model, as well. The following section will outline in more detail the arguments in favor of the model, and the problems that have been discovered through experiment, observation, and trial and error. A summary can be found in Table 4.2 on page 25.

4.2.1   Strengths and Benefits of a Choice-Based Rental Model for Delivering Social Housing

Empowering applicants and promoting choice

Choice-based rental models are promoted as providing a more customer-centric experience than applicants get with distribution models (Brown & Yates, 2005). Choice-based rental models are also touted as a way to empower applicants in their search for social housing (Brown & King, 2005; Brown & Yates, 2005; DETR, 2000; Kullberg, 2002), however, there is a lack of discussion on what it means for a housing applicant to be empowered, or what empowerment looks like as an outcome. This makes it difficult to determine whether the model is successful in achieving the goal. Furthermore, housing administrators and governments describe the model as promoting and enhancing customer choice. As the name implies, the intention is to give the applicant more choice in the outcomes of their housing. What the literature uncovers, however, is that it is unclear whether this model is actually successful in doing this. In theory, empowering applicants to make choices associated with their housing options is a noble goal, but the literature questions whether a choice-based rental model actually achieves this goal in practice.

Higher user satisfaction compared to distribution models

Users of choice-based rental models often report that they *feel* that they have more choice, and that the process is more transparent and efficient than that of a distribution model (Brown & King, 2005; Brown & Yates, 2005, Kullberg, 2002; Marsh et al., 2004; ODPM, 2004). As noted above, the ability of the model to actually improve choice is questioned, but the user's perception of choice, transparency and efficiency is an important outcome of the model. If one *feels* that they have more choice, the goals of improved customer service through a more client-centric allocation mechanism could be said to be achieved.

Efficiency improvements and cost savings

Most housing administrators using choice-based rental models report that greater administrator efficiency is achieved. Housing providers report that fewer attempts to fill the unit are required than through the use of a distribution model, saving time (Jones and Pawson, 2009; City of Toronto, 2014b). Because housing seekers are more actively bidding for housing, less time is spent offering units to households from the distribution model wait list who may not be ready or able to move at the time of offer. Units are filled more quickly, resulting in decreased vacancy costs to the housing provider (Jones & Pawson, 2009; City of Toronto, 2014b). It has been noted that some of the efficiencies associated with the adoption of a choice-based rental model may be attributed to related policy and practice updates and

perhaps not entirely a result of the rental model itself, such as the a newly adopted practice of showing a unit on offer to the top three bidders at once (ODPM, 2004).

Stronger neighbourhoods

Many proponents of choice-based rental models claim the liveability of a neighbourhood improves when households are in control of their housing and neighbourhood choices (Bergers & Zoet, 2000 in van Daalen & van der Land, 2008). Housing associations base their choice-based policy on assumptions that applicants who are more involved in decisions about where they live are more likely to become, and remain, committed to their neighbourhood. It is assumed that this attachment to the home will lead to more sustainable communities "at village, town and city level. It will increase personal well-being, and help to reduce anti-social behaviour, crime, stress and educational under achievement" (DETR, 2000, p. 79). At an individual level, there is the belief that households will be better tenants who take better care of their units, regularly pay their rent, and stay longer, reducing unit turnover (ODPM, 2004).

These beliefs as outlined in the DETR and ODPM reports appear to be shared and adopted by housing providers choosing a choice-based rental model, but there is little study or empirical evidence in the literature to support the argument. Stronger neighbourhood assumptions have been challenged in literature because it is difficult to establish cause and effect in the outcomes given the complex nature of neighbourhoods themselves. Ellen & Turner (1997) studied neighbourhood effects on individuals and families, and found that while neighbourhoods do matter, household income, education and employment have a greater influence on social and economic well-being. It is difficult to distinguish the effects on an individual's well-being as a result of neighbourhood from the effects of an individual's personal circumstances. That being said, the assumption that a feeling of belonging or attachment to the home will result in neighbourhood stability would be difficult to measure and quantify to support this argument.

4.2.2   Criticisms and Unintended Consequences of the Choice-Based Rental Model

Choices are competitive

The choice-based rental model highlights that there are winners and losers in the affordable housing market (Brown & King, 2005). Choice becomes competitive. Of course, any allocation system will have successful and unsuccessful households in the process and users may perceive the system as unfair. For example, in Toronto's distributional waiting list system, users often perceive other households receiving offers before they do as queue-jumping on the part of the housing administrator. In reality, there are a

myriad of circumstances that might have advantaged one household over the other, such as the number and type of buildings and units a household had selected, when they selected those households, and various local priority statuses. The choice-based rental model and its practices that enhance transparency make the divide between winners and losers in the process all the more visible to the users. The model creates an environment where applicants may see their unsuccessful bids as experiences of rejection. For active bidders, this will happen far more often than the experience of being the successful bidder who receives an offer of housing. Some households will become weary and exhausted and may discontinue their efforts, while those with more time and energy to persist will continue to compete for a unit.

Choice as a secondary motivator and lack of attention to choice as a concept

As mentioned above, choice-based rental models often prove to be administratively and economically efficient for housing providers. In some cases, choice-based rental models are used almost exclusively to advertise hard to rent units. The focus is on re-renting units more quickly and reducing vacancy costs (Brown & King, 2005).

Kullberg (2002) expands on this criticism, noting that choice-based rental models focus more on transparency of the process and less on the needs, empowerment, and choices of the user. "The focus is on management efficiency rather than choice for its own sake" (Brown & King, 2005, p. 71). Brown and Yates (2005) agree, adding that most research primarily focuses on process and design, followed by how well the choice-based model performs, and finally, on how the users and communities experience the model. Even though the model is marketed as providing choice and empowerment to applicants, these goals more often appear to be secondary motivators, according to the literature.

Furthermore, the concept of choice is rarely questioned by government or housing organizations in the investigation of the utility of a choice-based rental model (Brown & Yates, 2005). If choice is taken to mean having a set of separate, distinct options from which to choose a preference, choice only goes as far as a city is able to provide those options (van Ham & Manley, 2009). When affordable housing stock is limited with certain housing type and styles in higher demand, the choices offered may not appear as choices at all. The choice-based rental model may facilitate active participation in the allocation system, allowing users choice in when they would like to move, but it may be found that the choices in where they would like to move (preferences) are much too limited to consider the options a true choice (van Ham & Manley, 2009). The problem of limited, undifferentiated options is not unique to the choice-based model in areas

of high demand and low supply of social housing; it is commonly experienced in the distribution model, as well. However, the adoption of a choice-based model does not address limitation.

Burden on service providers

Choice-based rental models must be paired with high quality, readily available advice and support services in order for the model to be effective. If these supports are not available, many vulnerable users will not be able to fully or effectively exercise the proposed choice that the model provides in the affordable housing market (Brown & King, 2005). In studies that evaluate choice-based rental models, the support services are often the weakest part of the model (Marsh et al. 2004). Brown and King (2005) suggest that choice-based rental models may place a greater burden on housing providers, forcing them to become facilitators of the allocation system. Additionally, partnering agencies and organizations that provide social supports to people may be forced to realign their services, spending less time on their core functions, and more time educating and assisting clients with their bids in the choice-based rental model. Marsh et al.'s 2004 evaluation of 25 choice-based rental model pilots in England confirmed that most choice base rental model support services were indeed provided through partnering agencies and organizations. This would not be an inherently bad model, resources permitting, but this format of service provision may disadvantage applicants who are not connected with, or eligible for, support services.

Furthermore, Marsh et al.'s 2004 evaluation found that registrations for housing increased after the introduction of the choice-based rental model. Marketing and introducing 'choice' in the allocation system may mean that demand for the often short supply of affordable housing units increases (Arend & Lent, 2004 in Brown & King, 2005). Increased wait list numbers are a perpetual political conversation; governments want to see the wait list numbers decrease, expecting that this translates to improved access and service provision for applicants. Growing wait lists will require a broader public conversation about how demand for affordable housing is measured.

The choice-based model does not address issues of supply and demand

A choice-based rental model deals specifically with the delivery of service. The model is not able to correct the imbalances of high and low demand housing markets (Brown & Yates, 2005). The system fares differently according to supply and demand of affordable housing in certain areas. Applicants appreciate the transparency of a choice-based system, but access to resources is not improved as a result of the model (Brown & King, 2005; ODPM, 2004). Users are less satisfied with the model in areas of high demand

because the system does not reduce the competition in an unbalanced housing market (ODPM 2004, in Brown & Yates, 2005). Choices have not changed; there is no increase in the options available.

Ontario has insufficient affordable housing stock to meet the growing demand (Housing Services Corporation, 2013), a problem particularly visible in urban growth centers. Unsuccessful applicants become discouraged, following the choice-based rental model process and dealing with information overload, though unable to find suitable options that meet their needs (Brown & Yates, 2005). There is a lack of affordable housing stock in high demand areas and little new stock is being built, resulting in frustrations for unsuccessful users of the choice-based rental model (ODPM, 2004). A large number of people are competing for a small pool of resources. The choice-based rental model makes this imbalance very visible. This imbalance of supply and demand in the affordable housing sector cannot be changed simply by altering allocations processes (Housing Services Corporation, 2013).

Time intensive and onerous to the client, thus vulnerable groups are at a disadvantage
The choice-based rental model is more proactive, which is often seen as an advantage, attracting households who are serious about their housing search, and who are ready to accept a housing offer at the time (Pawson & Kintrea, 2002; City of Toronto, 2014b). However, this model is far more onerous on the household than distribution models. Applicants must spend time checking advertisements and comparing them against their needs and wishes, and filling out applications for each housing vacancy they are interested in (Kullberg, 2002). They must also be able to interpret and understand how they compare to other applicants, particularly those who won the housing bid (Kullberg, 2002).

Social services, particularly in Toronto, are meant to "strengthen the social and economic well-being" of individuals and neighbourhoods (City of Toronto, 2016). Ideally, equal access, fair processes and fair outcomes should be balanced in the delivery of housing and other benefits where some groups are at an unfair disadvantage. The perception of unfairness following a series of unsuccessful bids and the sense of competition highlighted by the choice-based rental model appears to be counter to the intentions of housing programs, often meant to serve the most vulnerable people in our cities (Brown & Yates, 2005). Kullberg (2002) notes that "within the eligible audience there can be people who are insufficiently equipped to process the information and look for a place in an effective way" (p. 552). This system may be detrimental to disadvantaged households (Pawson & Watkins, 2007) who will simply be unable to remain active in the choice-based system because of the demands it places on them financially (time away

from work), emotionally (experiences of rejection, fatigue), and intellectually (low levels of education, literacy, and language proficiency). Medical issues, addictions, and mental health troubles will also affect a household's ability to continue to bid and advocate for themselves. It should be noted that "not all vulnerable groups have a representative organisation to provide support" (Marsh et. al, 2004, p.13) so it is possible that there are many households that would go under the radar without receiving assistance. Furthermore, because vulnerable groups often do not have access to crucial information to make informed choices (such as quality of neighbourhood, schools, amenities, etc.), the most vulnerable are more likely to end up with the most easily-accessible units (those in least demand) in a less desirable neighbourhood (Brown & King, 2005). This concern is shared by the existing distribution waiting list – the choice-based wait list does not remove the likelihood of vulnerable households being placed in the least desirable neighbourhoods.

Choice-based rental models have little effect on neighbourhood improvement

While the proponents of the choice-based rental model have beliefs and high hopes that it will result in stronger, more stable neighbourhoods, the literature is sceptical (Brown & Yates, 2005; Kullberg, 2002). Kullberg (2002) found that that choice-based models do not have a major effect on improving neighbourhood problems. In fact, problems in neighbourhoods are likely to persist because those most vulnerable and in the most dire circumstances will accept housing that is least in demand. Often unpopular areas are impacted by lack of access to resources, high levels of crime and poverty, and low levels of education (Brown & King, 2005; Kullberg, 2002).

Some research points out the choice-based rental model's tendency to contribute to the segregation of ethnic minority groups in certain neighbourhoods (van Ham & Manley, 2009). While this may be an accurate result of choice-based rental models, there are mixed reviews in the literature as to whether ethnic segregation is helpful or unhealthy for neighbourhoods. Some researchers claim that ethnic minorities will choose neighbourhoods with high concentrations of co-ethic groups, resulting in isolated communities. Others claim that ethnic group self-segregation is positive, allowing people to find like-minded neighbours with similar interests and lifestyles (van Ham & Manley, 2009), resulting in socially cohesive neighbourhoods (Qadeer & Kumar, 2006).

Summary: Strengths and Weaknesses of the Choice- Based Rental Model	
Strengths and Benefits **Evidenced by Literature**	**Strengths and Benefits** **Assumed in the Literature**
◆ Efficiency improvements and cost savings for housing providers ◆ Higher user satisfaction compared to distribution models	◆ Stronger neighbourhoods and sustainable communities ◆ Empowering applicants and promoting choice
Criticisms and Unintended Consequences as Outlined in the Literature	
◆ Results in highly visible competition between applicants for limited housing resources ◆ Choice as a secondary motivator and lack of attention to choice as a concept ◆ Burden on service providers	◆ The choice-based model does not address issues of supply and demand ◆ Time intensive and onerous to the client, thus vulnerable groups are at a disadvantage ◆ Choice-based rental models have little effect on neighbourhood improvement

Table 4.2: Summary: Strengths and Weaknesses of the Choice- Based Rental Model

5   Case Study: Toronto's 'My Choice Rental' Pilot Program

5.1   'My Choice Rental' Pilot

Toronto Community Housing Corporation (TCHC) recently tested the choice-based rental model through a pilot project called 'My Choice Rental'. The pilot was developed in response to the 2013 Council report *Review of the Centralized Waiting List for Social Housing: Future and Proposed Directions* which asked staff to evaluate options to improve the waiting list (City of Toronto, 2013). In 2014, *Toronto's 2014-2019 Housing Stability Service Planning Framework* suggested the creation of "a more proactive, coordinated access system for social and affordable housing… by implementing changes to City policies, modernizing system administration and empowering applicants with better information and more choices" (City of Toronto, 2014, p. 3). To meet this objective, the choice was made to explore the choice-based rental model, one that has shown potential to encourage applicants to become active and involved in their housing search, empowering them to make better informed choices. The pilot ran from February 2014 to October 2014 as a partnership between the City of Toronto, Housing Connections and TCHC (City of Toronto, 2014). Eleven TCHC buildings participated in the pilot (two were downtown, the remainder were spread across the GTA), 1772 households were invited by mail to take part, and of these, 262 households actually placed bids, and 137 of those were housed (City of Toronto, 2015b).
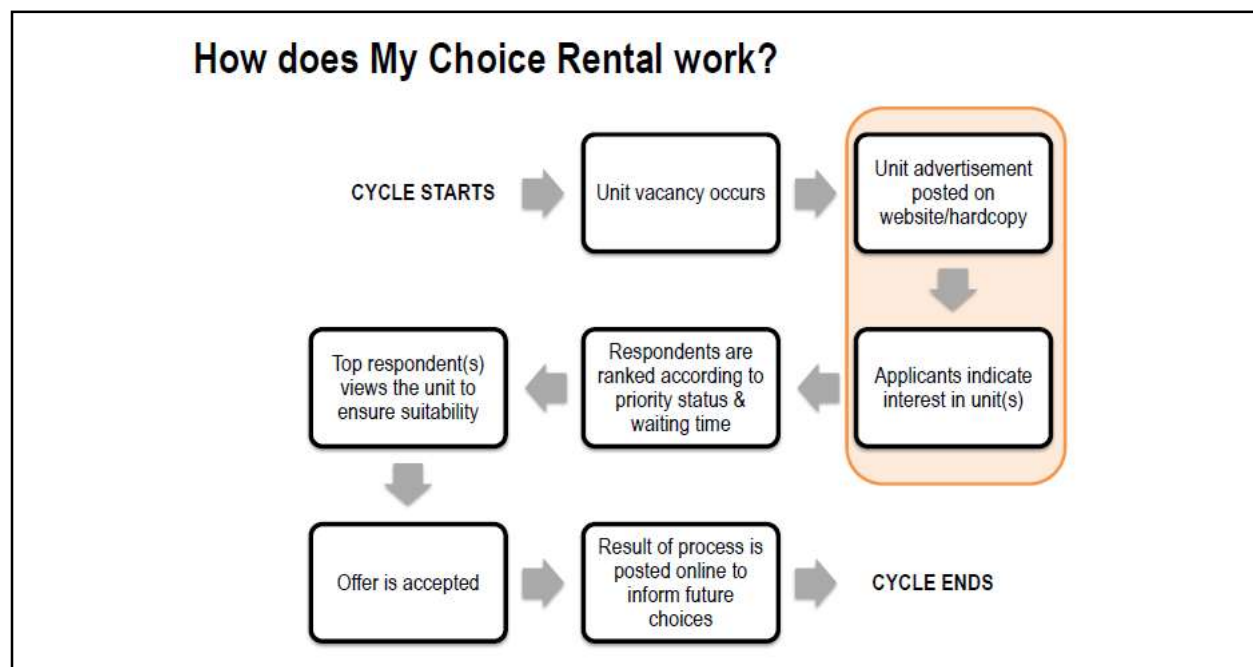

Figure 5.1: Flow chart demonstrating the process of the 'My Choice Rental' pilot program (City of Toronto, 2014b).

The 'My Choice Rental' pilot operated as the majority of basic choice-based rental models do, by having participants respond to advertisements, with the housing provider selecting a successful bidder once the bidding period had closed and applicants were ranked by selection criteria. Figure 5.1 outlines the full cycle of the 'My Choice Rental' pilot program.

5.2   Pilot Evaluation

Overall findings

Evaluations of the model's success were completed in early 2015 (City of Toronto, 2015b). The goals of the evaluation were to determine the efficiency of the program and to gather applicant feedback through phone surveys and stakeholder feedback (program staff and caseworkers) via focus groups. TCHC reports that the results were positive, showing that under the pilot fewer calls were required to fill a unit (two calls vs. nine), there was a higher acceptance rate for units on offer (76% vs. 24%), and there was quicker turnover of units resulting in 46% savings in the cost of holding onto an empty unit until it is rented (City of Toronto, 2015b). These results are in line with the findings in the literature suggesting that there are frequently administrative efficiencies and cost savings to be found by using a choice-based rental model. The evaluations also reportedly showed higher customer satisfaction with the new model (City of Toronto, 2015). A summary of the strengths and weaknesses identified through the evaluation can be found in Table 5.2: Strengths and Weaknesses of the 'My Choice Rental' Pilot Program on page 31 (City of Toronto, 2015b).

Interesting findings from the pilot include that most of the refusals to offers were based on building or neighbourhood related concerns (42%), such as not liking the building or area, the unit being in an inconvenient location, and safety concerns or poor reputation of the neighbourhood. Notably, 27% of the emails received by the 'My Choice Rental' inbox were a combination of incorrect bids (14%), follow up to ensure a bid was received correctly (8%) and questions about the process (5%) (City of Toronto, 2015b). This suggests that procedures should be in place to inform applicants about the building and neighbourhood, to educate applicants about the process, and to implement automated feedback mechanisms that allow applicants to easily keep track of their bids and verify information electronically.

The pilot was not big enough to draw strong conclusions about bidding behaviour. The pilot did not include enough diversity of housing options (mostly bachelor units were available and only one senior specific building was included) and the participating population was not representative of the waiting list in terms

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of vulnerable groups and larger families. However, of those who participated, most bid in person, most bid only once (whether they were housed or not), and most bid on their original waiting list choices. It is worth mentioning that 21% of households did place bids on units that were not originally part of their selections, suggestion that the 'My Choice Rental' program opened up options that the households were not aware of, possibly due to lack of information in the distribution model's system. This finding could also be attributed to the low diversity of options in the 'My Choice Rental' pilot, such that households were willing to bid on a new selection because their preferred options were not available.

Participant feedback and perceptions

The applicant telephone survey conducted by Ipsos Reid drew 224 participants. Of these participants, 164 households did not bid at all, 31 households bid but were not housed, and 29 households bid and were successfully housed. Non-bidders were able to highlight barriers to participation such as not having access to a computer, the complexity of the bidding process, being unaware of informational meetings, and that meetings were held at inconvenient times and locations. The smaller sample of 60 bidders (both housed and unhoused) had some of the same concerns, though generally (and unsurprisingly) they reported that they found it easier to navigate the process than non-bidders. The majority of both housed and non-housed bidders sought help from Housing Connections staff during the process (55% and 68%), which serves as a reminder that with larger groups of participants after full program implementation, additional resources may be required. It would be useful to have baseline information on help sought from staff within the existing distributional waiting list system for comparison, as these findings may not be any higher or lower than existing conditions.

Participant perceptions of the program are a key part of determining whether they are likely to participate, and whether they are likely to sustain their bidding behaviours over time, potentially resulting in housing opportunities. The majority of respondents were satisfied with their experience with the 'My Choice Rental' pilot program. Not surprisingly, those who were housed through the pilot reported more often that they preferred this program over the current distribution waiting list model. Respondents who preferred the 'My Choice Rental' pilot process over the distribution waiting list felt it provided more information about their housing options, believed that they would be housed faster, and felt that it was more convenient and included more options.

Respondents generally agreed that the information posted about vacancies was helpful. Advertisements included the move in date, unit details, neighbourhood and building amenities, area maps, floorplans and photos. While these details were appreciated, more information was requested by respondents. Applicants were interested in feedback on the circumstances around the successful bid, such as how long the successful bidder was on the waiting list, how many bids the unit received, where the applicant fell on the ranking list of bidders, and the duration of the previous tenancy in the unit. Issues of privacy must be balanced against the benefits of making this information available to all bidders, especially in cases where the successful applicant has a priority status. Nonetheless, providing this kind of feedback is important because appropriate information about units may be directly linked to tenant satisfaction with their housing outcomes. Most of those housed through the pilot program were only moderately satisfied with the housing unit and only 60% said they would bid on the same unit again given what they know now about the unit and the neighbourhood, suggesting that information provided in the advertisements may have been insufficient for making informed choices.

The telephone survey results revealed support for the 'My Choice Rental' pilot program, but it also revealed some concerns regarding perceptions. Between 64% and 84% of all non-bidders and bidders felt that the rules for the 'My Choice Rental' program were fair and clear, and gave everyone equal opportunity to view and bid on housing options. They also perceived that the program would result in shorter wait times for housing, and that households had a better chance at receiving a unit they actually want compared to the distribution waiting list model. Alternatively, both non-bidders and bidders felt strongly that not having access to a computer and not having adequate computer skills disadvantaged applicants in the process (62-87%). Non-bidders were more likely to doubt that more people would be housed under the 'My Choice Rental' program than bidders, and this perception may have contributed to their lack of participation. About 41% of the surveyed sample thought that the program would result in an increase in units available across the city. While this means that a fair number of participants were mistakenly under the impression that more housing would become available under the 'My Choice Rental' program, it also suggests that the majority of participants (59%) were aware that the program does not have an ability to increase the supply of housing in the city. These results reflect the findings in the literature that people are more optimistic and more satisfied with the outcomes using a choice-based rental model, regardless of the reality they face in their respective housing markets.

Stakeholder interviews and focus groups

Interviews and focus groups with staff implementing the pilot and community partner agencies revealed that everyone needs more information. Housing staff and community resource persons were unfamiliar with the 'ins and outs' of the program and felt ill equipped to answer applicants' questions. Moreover, it was found that the staff themselves often had misconceptions and incorrect knowledge of the program.

Despite the highly promoted main strength of the program being its ability to empower applicants and give them a sense of independence, staff were particularly concerned about how heavily applicants relied on them to navigate the program. There is literature that suggests that the proportion of applicants that require intensive supports is quite small (Marsh et. al, 2004), however the 'My Choice Rental' pilot highlights that there is real concern for Toronto's clients experiencing language difficulties, mental health issues, and addictions. These groups were not able to fully engage with the program, and often did not participate long term. One comment details that the community partner agency staff member did all of the work of finding units and submitting the bids, while the client simply signed off on the agreement. Intensive support requirements may be relative to the conditions of the housing market within which the choice-based model is operating; higher demand areas may have larger populations requiring this intensive support to be successful in the program.

Some helpful suggestions also came out of the staff and community partner agency interviews and focus groups. Neighbourhood information and transparency was lacking in the advertisements. Staff suggested that full information about "neighbourhood amenities, schools, transit and community resources/activities" as well as present neighbourhood challenges, such as potential dangers and resources available to respond to them (City of Toronto, 2014b, p. 70), be shared with applicants so they can make an educated decision about their options. Further, they stated that 24 hours is not enough time to allow for applicants to decide whether they would like to accept the unit. Applicants should have a chance to look up the neighbourhood in order to make their decision, especially if sufficient contextual information is not proactively provided in the advertisements. It was noted that this might help reduce quick turnover of units when tenants are dissatisfied with their housing shortly after moving in (City of Toronto, 2015b).

In terms of heightened expectations, it was acknowledged through the focus groups and interviews that applicants may become tired, disappointed and frustrated with the process given the amount of time and

energy required to be considered for a unit. Staff noted that there was also frustration associated with not knowing what happened to the unit once the applicant placed their bid. They expressed a strong desire to be informed about the outcomes, because as it is, applicants have no knowledge of why they are unsuccessful. It appears that the feedback mechanism shown in the 'My Choice Rental' cycle in Figure 5.1 was not implemented in the pilot, and as expressed by evaluation participants, this is an important feature of the program from a user perspective.

Some of the weaknesses identified through the interviews and focus groups are not unique to the 'My Choice Rental' pilot and could be addressed within the existing distribution waiting list model. There were many comments received from staff that the timelines that applicants are expected to adhere to are unrealistic. Once an applicant accepts a unit they are required to move in based on the soonest available move date so as to minimize the costs of the vacancy to the housing provider. This often does not leave the applicant enough time to fulfill their responsibilities to give sufficient notice to vacate their current residence. Furthermore, work is often still outstanding upon the move in date. The housing provider could improve customer satisfaction by improving their internal processes by implementing service standards that require staff to offer and fill the unit within a certain amount of time from receiving notice from existing tenants. They can also improve customer satisfaction by ensuring that procedures are in place for timely unit turnovers. The evaluation aptly notes that without adequate resources, especially adequate staffing of front line workers, and with a lack of new affordable housing supply, the implementation of the choice-based rental model may not thrive in the manner intended.

Overall strengths and weaknesses found through the pilot evaluation were summarized by Ipsos Reid and can be found below in Table 5.2 below (City of Toronto, 2015b). Many of the strengths and weaknesses identified can be found in the literature and through pilot studies in Europe and the Netherlands, but they also reflect some locally specific observations. The strengths and weaknesses also highlight some shortcomings that can be addressed though minor modifications of the model, something that will be discussed in Chapter 7: Recommendations.

'My Choice Rental' Pilot Evaluation: Summary of Strengths and Weaknesses	
Strengths	**Weaknesses**
◆ Promotes engagement and independence among applicants ◆ Fills vacant units more quickly ◆ Online listings provide applicants information about unit which is not available in current system (unit dimensions, square footage, number of bathrooms and bedrooms) ◆ Having information about unit prior to viewing reduces time superintendent requires to show unit to potential tenants ◆ Information sessions effective in giving front line staff baseline education and training on 'My Choice Rental' program	◆ Heavy reliance on front line workers for applicants to be able to effectively participate in 'My Choice Rental' ◆ Lack of transparency/information about neighbourhood of potential unit ◆ 'My Choice Rental' creates heightened expectations to be housed ◆ Proposed timeline from accepting unit to move in not realistic ◆ Units/buildings with listings limited to less desirable neighbourhoods ◆ Manual nature of paperwork for both applicants and workers not efficient ◆ Letter mail not appropriate as primary mode of communication with this target group ◆ Website non-functional for many, forced applicants to go to shelter or Housing Connections to bid

Table 5.2: Strengths and Weaknesses of the 'My Choice Rental' Pilot (City of Toronto, 2015b)

5.3   The Toronto Context

When some of these results are analyzed in the Toronto context, specific concerns emerge. The most common reason for a household rejecting an offer was because they were not happy with the building, unit or area. 40% of bidders said they would not likely bid on the same unit again if they could go back in time. 22% of bidders were dissatisfied with the housing options. While this may be attributed to the small selection of buildings, it is worth bringing up that TCHC has a major backlog for unit and building repairs. Much of the stock is in poor shape, in a state of disrepair. Will the use of a choice-based rental model mean that the most vulnerable applicants will be placed in the least desirable neighbourhoods and housing stock? Vulnerable tenants may quickly find themselves looking for more suitable

accommodations if the building is not being well maintained, especially if the building is in an area away from downtown where there is little appetite for redevelopment and revitalization.

It has been made clear through the literature and many housing grey papers that adopting a choice-based wait list does not impact the supply of a city's affordable housing. Toronto is growing quickly, and much of this growth is targeted to the built up areas like the downtown core (City of Toronto, 2015c; Ministry of Infrastructure Ontario, 2013). The pilot study did not include many downtown area buildings, and it would have been interesting to be able to compare the demand for different locations and different building types. Knowing that the wait list management system will have little effect on the supply of housing, it would be wise to be able to use the system to track and capture bidding behaviors to be able to redirect resources to areas of high demand in the form of new subsidy options, or areas of low demand in the form of community improvements and maintenance and repair.

The evaluation points out the limitation of the very small sample sizes that that were used to produce results. Furthermore, the evaluation notes that the frustrations experienced by applicants at the small subset of TCHC's buildings that were available was exacerbated by the knowledge that these buildings were often in undesirable areas (City of Toronto, 2015b). Extra resources will be required to ensure that the new system runs efficiently, particularly given that the City of Toronto experiences high demand for its social housing supply. Extra resources will also be required to ensure easy access for users of all levels of ability. As the literature points out, support services are an important part of ensuring a choice-based rental model is effective and equitable, but they are often the weakest part of the wait list management system (Marsh et. al, 2004). If adequate support is not provided, there is a risk that the responsibility for assistance and education of the waiting list system will be offloaded from Housing Connections to community social service providers. These service providers may become overburdened with housing, taking them away from their primary purposes of rehabilitation, mental health, addictions and daily living supports. Furthermore, those in need of supports to successfully use the choice-based rental model may fall by the wayside without receiving housing if there are no supports available. Sometimes, vulnerable groups do not have structured or easily identified support organizations and this contributes to their plight in accessing a proactive wait list system (Marsh et. al, 2004).

Toronto is preparing to institute a new administrative framework for social housing waiting list administration based on recent findings from the evaluation of the short, small pilot. While the model

has its merits, specific attention should also be paid to the concerns raised by researchers about its potential to spatially segregate groups according to income and resources (van Daalen & van der Land, 2008). As Brown and King (2005) noted, the choice-based model makes it highly visible that choices are competitive through bidding. Efforts to increase choice by removing access barriers like selection criteria have been shown to disadvantage low income households who end up being crowded out by middle income households in search of affordable housing options (van Daalen & van der Land, 2008). Furthermore, those in precarious circumstances who do not have the luxury to wait for a better offer will bid on the least desirable units and neighbourhoods, potentially perpetuating the income polarization of neighbourhoods, a phenomenon evidenced in David Hulchanski's work on the three cities of Toronto (Hulchanski, 2007). Hulchanski showed that Toronto's high and low income neighbourhoods are growing, and the middle income neighbourhoods are quickly disappearing. Low income neighbourhoods were once concentrated in downtown Toronto, but the City's desirable centre now houses a rapidly growing high income population. The choice-based rental model does not address the tendency for low income households to be more likely to be successful in finding housing in the least desirable neighbourhoods. By updating the waiting list mechanism to increase choice, but without considering the impacts on neighbourhoods, the city may inadvertently be contributing to this trend.

This is not a new phenomenon. This income polarization and the development of three distinct income divisions in Toronto has been observed over the last 35 years. Toronto's planners and policy makers need to be aware of the potential unforeseen consequences of a choice-based model, being creative and innovative, using policy and planning tools to ensure that a full range of income groups and populations are have choice and access all areas of the city.

6   What if We Fix what is Broken? Updating the Distribution Model

As previously discussed, the introduction of Ontario's *Housing Services Act* (2011) allowed the province's cities greater flexibility in how they design and manage their wait list systems. In April of 2013, the report *Review of the Centralized Waiting List for Social Housing: Framework and Proposed Directions* was approved by Toronto City Council, and it directed staff to "evaluate a number of options and report back to council" (City of Toronto, 2013). The report recommended adopting a choice-based rental model in response to concerns and shortcomings associated with the existing distribution waiting list. Along with this recommendation was a series of potential changes that were suggested to improve the function and utility of the existing waiting list.

Interestingly, it appears that these updates would be implemented in tandem with the adoption of the choice-based rental model. However, the City may wish to use this opportunity to make changes to the existing system based on its recommended improvements before overhauling the entire distribution model waiting list. From a research perspective, this approach would allow the city to determine the impact of their proposed changes to policy and local rules separately from the impact of the choice-based rental model. From a financial perspective, this might allow the City to reap the benefits of a waiting list system upgrade without facing the costs associated with the development of a new model and its required software, technology and social supports.

Below is a summary of the existing challenges that housing providers have been experiencing with the distribution waiting list model, followed by suggestions for improvements to the existing system.

6.1   Existing Waiting List Challenges

A number of challenges and issues with the chronological, centralized distribution waiting list system have been identified by the City of Toronto, and some of their concerns are shared by other service managers and housing providers in Ontario (City of Toronto, 2013; Housing Services Corporation, 2013). For starters, the current system is complicated for applicants to understand and navigate, with a lot of documentation and identification requirements. This has created barriers for those with literacy issues or who are less comfortable with the English language. The current system does not provide sufficient information to applicants about the housing options on offer, and many of the applicants have a limited understanding

of how the waiting list works and why their wait is so long. In addition, Toronto's waiting list system has an online application function that is not user friendly; applicants are not able to save as they go, and they are unable to check the status of an application once it has been submitted. As such, applicants continue to submit paper applications, sometimes resulting in duplicate files. Once applicants have an active file, different application dates are assigned based on which buildings the applicant selected at the time of registration, and those with different providers that may be selected at a later date. Housing Connections has also received feedback that the telephone menu system is complicated to use (City of Toronto, 2013).

From the housing administrator perspective, the current waiting list system is time intensive and inefficient. Staff spend a great deal of time on administrative tasks, such as confirming eligibility and sending out official documentation. Applicants are currently required to check in with Housing Connections once per year in order to keep their applications active. Contact letters are sent to applicants using the addresses on file. If no update is received from the household, reminders are sent. Eventually, if no response is received from a household, the application is cancelled. Often the City receives appeals received for these cancelled files, the process for which is time and resource intensive as well (City of Toronto, 2013). The process is cumbersome for both the applicant and the waiting list administrator.

The City has provided suggestions in their report about how to address some of these issues. Again, these suggestions are modifications to process that would be implemented at the same time as the move from the centralized, chronological distribution waiting list to the choice-based rental model.

6.2 What We Can Change About the Existing System Now

The City of Toronto (2013) has identified the following updates that will accompany the transition from the existing waiting list model to the choice-based rental model wait list. These suggestions have been made to address some of the challenges of the existing system, as well as to improve service delivery and efficiency. These changes include the improvement of local priority rules so that those with a priority are housed more often and more quickly; adjustments to the annual application updates to bi-annual application updates so that applicants only need to do a formal "check in" once every two years to avoid having their application cancelled; considering establishing a local rule that prioritizes matching applicants with special needs to appropriate modified units; establishing a way to track units filled by referral agreements, where a unit is filled by a referral from a partnering agency outside of the waiting list; and

assigning one application date to applicants, that being the original application date, instead of assigning different dates to buildings as applicants make additions to their file (City of Toronto, 2013).

Beyond these suggestions, the City might consider adopting some of the principles of a choice-based rental model without embarking on a complete overhaul of the existing system. For example, the choice-based rental model provides applicants with detailed profiles of upcoming vacancies to allow the household to make as informed a choice as possible. This practice could be adopted and integrated into the existing system through binders at the Housing Connections offices, and through the website for buildings with high turnover rates. Furthermore, key eligibility criteria could be listed as a guide for applicants, so they are sooner aware of what might qualify or disqualify them for a particular building or unit before indicating it as a selection in their preference list.

Additionally, expanding on the City's suggestion to make local priority rules more effective in housing vulnerable people, it might be helpful to restructure the way priorities receive offers. For example, if one of the City's main goals in updating the waiting list management system is improving choice, the process that priority households have to go through could be simplified and amended to promote choice in the process. Some shelters have policies that restrict homeless applicants staying in shelters to one offer of housing. If they refuse this offer, they are no longer permitted to stay at the shelter. This rule exists to ensure that shelters have beds for those in need by moving clients into housing as quickly as possible. However, one offer may not be enough. The offer may be inappropriate for the person's needs and circumstances. Policy around shelters and access to housing through the wait lists could be examined to see how vulnerable applicants may access housing of their choice in dire circumstances. The one offer rule restricts choice for a subset of the population; choice is not broadly offered to all applicants in these cases.

The City might consider exploring policy that allows homeless applicants a fixed time period where they may be more selective. Once that time period expires they would be allowed to remain in the temporary housing or shelter, but would have to accept the next offer (DETR, 2000). While this policy might promote choice, Ontario's priority households still face long wait times for an offer of housing—an average of at least eight months (ONPHA, 2015) – so a fixed period of time for offers may only marginally benefit the provincial priority (victims of abuse), which receive offers somewhat quicker as they take precedence over all others, and likely only in circumstances where there is low demand for the housing stock.

Some of the literature suggests that in order for households to truly have choice, there should be no strict consequences for refusing an offer; "choice should be free" – free of consequences of refusing to accept an offer that does not suit one's needs or wishes (DETR, 2000, p. 82). The idea is that there should be no limit on the number of offers a household may receive, though a shorter time limit to decide whether they will accept could be instituted. As unpopular as this suggestion might be for efficiency reasons, it does highlight that choice is limited in the existing model because applicants are forced to choose between selecting options as broadly as possible to increase their chances of receiving an offer more quickly, or being conservative with their housing selections resulting in longer wait times, in hopes they might be offered something they truly want.

An additional strategy that might improve efficiency of the existing waiting list involves the use of different ranking and selection criteria other than a strictly chronological waiting list with priorities. As the waiting list functions today, people apply well in advance because they know it's going to be a wait based on registration date. Using variable ranking criteria might help distribute housing opportunities across groups of applicants resulting in offers that appear more fairly distributed based on needs. For example, prioritizing the eldest age in the selection criteria for seniors-only buildings might allow those who need the housing the most to access it more quickly. More research would be required to ensure that this kind of strategy was implemented in a way that does not result in discrimination.

Wait list management software and technology may require updating in many cities. Some small housing providers do not even have access to the software or technology, necessitating phone calls to the service manager with requests for paper applicant lists in order to make offers. This makes the current distribution model all the more cumbersome and time consuming (MMAH, 2016). Ensuring all providers have access to the same system is a start, but it improving the types of information collected, and the way that information is made available to housing providers is equally important. The availability and presentation of information such as an applicant's building choices (addresses), requirements (such as a unit with no stairs, or a building with an elevator), or preferences (such as neighbourhood, or the inclusion or exclusion of utilities) can greatly streamline and improve the housing provider's efficiency with the waiting lists, populating only households with profiles that match the details of the unit on offer. Housing providers and service managers will all have suggestions on how to improve the current operations of the

distribution waiting list, and they should be consulted for their expertise and front-line experience on how to improve current conditions before fully implementing new options.

The City of Toronto is in a better position to implement a new waiting list model than other, smaller cities with fewer housing providers and much more limited housing stock. The transition involves a significant amount of research and resources for pilot projects, evaluation, and implementation. Other cities may not have the financial or human resources to upgrade to a choice-based rental model – in fact, research suggests that in smaller municipalities, adopting a choice based model may be cost prohibitive (Marsh et. al, 2004) because they do not have enough funds to pilot the program and then implement it with the necessary tools and supports. In these cases, they may be able to take advantage of the suggestions above to improve customer choice, efficiency and transparency in the current distribution waiting list model.

7 Recommendations

The choice-based rental model has been in use for over twenty years in the United Kingdom and the Netherlands, and a lot of research has been conducted to test the claims of the model and the outcomes associated with its use. The literature has pointed to ways to improve the model and the delivery of social housing. Some of the suggestions have been implemented in various cities to make things easier, more fair and more transparent. Other adjustments have been made in an effort to manage neighbourhood impacts, like choosing different selection criteria for applicants to engineer optimal social mixing, or using lifestyle surveys to match households to specific areas (van Daalen & van der Land, 2008). Ultimately, the neighbourhood based changes outlined above were abandoned because of the potential for discrimination (van Daalen & van der Land, 2008). There is much to be gained by knowing and understanding the impact of a choice-based model, and the options available to tailor the model to the needs and circumstances of the city. Recommendations from the City of Toronto and the existing literature on choice-based rental models are outlined below in an effort to learn as much as possible from the work of others on the topic. In addition, recommendations are made based on knowledge of the existing system and how the choice-based rental model might best thrive in the Toronto context.

7.1 Try the Quick Fixes First

As previously discussed, there are a number of improvements the City of Toronto has identified for generally improving the functioning of the waiting list management system. The City could make these changes to its processes and procedures now, systematically documenting how such changes are (or are not) making a difference in the efficiency and customer satisfaction before overhauling the existing system. As the City gears up to implement the choice-based rental model (Council has approved the recommendation), they would have better baseline data upon which to determine whether the choice-based rental model is actually contributing to improvements in process, efficiency, and increased perceptions of empowerment and choice. Adopting this approach would also allow the City to conduct much needed, valuable research on choice-based rental models in the Toronto, Ontario context.

7.2   Conduct and Participate in Research

Choice-based rental models, though they have been used for the last twenty years in the United Kingdom and the Netherlands, are still relatively new. They hold a lot of promise for changing, growing cities, offering an experience that involves the user more fully, and empowers them to engage with and take responsibility for their housing situation. Studies and research have been conducted over the last two decades on choice-based rental models, and much of the literature cautions that their research and findings are reflective of a certain political, social and economic environment (van Daalen & van der Land, 2008; Pawson & Hulse, 2011). Just as the City of Toronto has determined that the principles of a choice-based rental model appear to be transferrable to Toronto's conditions and environment, the ideas, concerns and suggestions can be found to be informative and useful to the current City of Toronto context. That being said, the City should strongly consider how they might capture the impacts and results of a choice-based rental model as they prepare to implement it in Toronto.

Brown and Yates (2005) note that the research has not been able to adequately capture the impacts and outcomes of choice-based rental models. In many cases where the choice-based model has been in place, with or without modification, it has been difficult to properly examine its impacts and effects because of a lack of clear goals and the often short term nature of evaluations (van Daalen & van der Land, 2008). Brow and Yates (2005) specify that "longitudinal study over an extended period of time is required, involving quantitative methods focusing on indicators such as relets as well as qualitative research on the degree to which individual households contribute their social capital to neighbourhoods" (p. 351).

TCHC should take full advantage of its proximity to universities and colleges in the area with skilled and keen students interested in policy and city planning practices. Students have the interest, the time, the flexibility and authority to be creative. Academic partnerships could prove mutually beneficial, giving the student specialized knowledge while providing the City with high quality research on local issues like housing, choice and neighbourhood outcomes. A systematic, thorough program evaluation is recommended to determine just how effective and efficient the choice-based rental model is. As van Daalen and van der Land (2008) point out:

> In order to strike the right balance between increasing customers' choice, enhancing the liveability of neighbourhoods and housing disadvantaged citizens, those starting new experiments should be contributing more substantially to the debate on social

responsibilities of housing associations by allowing researchers to properly evaluate their experiments. (p.325)

This recommendation finds support in Ontario's Long-Term Affordable Housing Strategy, which has identified that research is essential for development of policy that appropriately and effectively responds to the changing needs and local circumstances of its cities. As such, the updated strategy has earmarked up to $2.5 million in investments between 2016 and 2019 towards a fund for "innovation, evidence, and capacity building" (MMAH, 2016c). This is strong support for research based initiatives. Of the key themes supported by this fund, creating "a sustainable supply of housing stock (public and private)" and "effective use of evidence and best practices to inform policy and program development and define and measure outcomes" are particularly relevant to the situation at hand (MMAH, 2016b). There may be opportunity with this fund to demonstrate how a new allocation model may help the province ensure that more households are able to access affordable, suitable housing in areas of their choice, resulting in sustainable communities.

Notably, the strategy is interested in performance indicators. Therefore, it is highly recommended that before any undertaking of the choice-based rental model, there be a concerted effort to examine and analyze data that is available through the existing distribution waiting list. In order to determine how well any new initiative or policy fares, a thorough understanding of the current conditions and systems is required. Cities should be tracking as much information as they can about current waiting list behaviours, preferences, and household and demographic statistics to be able to build a better case for future policy initiatives. The 'My Choice Rental' pilot is an example of short term, limited research on the choice-based rental model. While the initial findings support what is already well known about the model (administrative efficiency, transparency, cost savings), the pilot evaluation captures a snapshot in time of how the model functions, without regard for the long term impacts on customer choice, the liveability of neighbourhoods, and the user experience. Ongoing research is required to determine whether the choice-based model fulfills its goals, and partnering with universities and colleges can benefit TCHC, Toronto residents and neighbourhoods. Taking the time now to develop baseline data from the centralized distribution waiting list, including taking stock of user experience and impacts, is highly recommended.

7.3 Data Collection and Preference Tracking

The City has the opportunity to take the choice-based rental model and go further. The *Housing Services Act* (2011) clearly states that service managers have the authority to create a system that works with their local context, and the introduction of a brand new waiting list system presents opportunity to do something more meaningful with the process of allocating social housing. While research is required to determine the effects and impacts of a choice-based rental model, data collection and preference tracking is also highly recommended in order to make improvements to the model and to be able to support future policy decisions.

Some literature has highlighted that the choice-based rental model could be used as a tool to gather information of applicant preferences and demand (Brown & King, 2005), such as building style (apartment, single detached, semi-detached, etc.), size, quality (based on internal knowledge of maintenance and capital repairs required), popular locations and neighbourhoods. This information could be compared to City information like capacity and quality of nearby schools, availability of quality services and amenities, and proximity to transit. The City would be able to look at the trends and make decisions based on the findings. The City may be able to identify patterns, suggesting reasons or noting features of neighbourhoods that are least in demand, and perhaps focus resources there to improve neighbourhood, community and social networks, quality of the existing housing stock, and so on. Having research and data to back up decision making when reallocating resources to the least popular areas would help make a case for redistributive planning decisions, but this would also "reduce the risk of supply imbalances developing" (DETR, 2000, p. 85) where there is high demand in some areas and very low demand in others. The current waiting list is able to capture information about applicant selections, though they are not able to draw meaningful conclusions because of the strategic nature of some applicants' selections. Some will choose any and all neighbourhoods to increase their chances of being offered a unit, others are very selective about particular buildings.

Gathering preference information in the choice-based rental model might need to be paired with survey questions at the time of a bid. For example, each time an applicant places a bid on a unit, they may be asked what features of the advertisement appeal to them the most (neighbourhood, building, amenities, services, etc.). Alternatively, a survey option could be available for advertised units that applicants are not interested in. Questions could be about why the applicant is choosing not to bid on this particular

advertisement. Short, quick surveys present on all advertised units could provide a richer understanding of applicant bidding behavior to supplement the quantitative data.

7.4 Affordable Housing Policy Applications

Trends in household selection identified through data collection and preference tracking could inform future affordable housing policy or funding to address the shortage in affordable housing supply. As previously discussed, the choice-based rental model changes the mechanism through which households access housing options, but it does little to address the mismatch between the supply and demand for affordable housing. If data tracking and ongoing research demonstrate trends in neighbourhood preferences and housing types, it may be appropriate to suggest different tools and programs to improve service delivery.

Such tools and policies might include implementation of housing vouchers or rent supplements in areas of the highest demand where building new housing is not a reasonable, financially viable solution. Housing vouchers and rent supplements travel with the household, allowing them to make choices not only about what neighbourhood they want to live in, but also how they wish to spend their income. Some households may choose to find housing in the private market that is larger or smaller than that of which they might receive through the city's social housing stock. They may accept higher rent costs for trade-offs like being closer to work, or having more space. In the fastest growing neighbourhoods in downtown Toronto, the lack of existing and new suitable, purpose built, affordable rental housing takes these popular areas out of the choice equation for households. If the City is finding that downtown locations are in demand so that employees can be close to work, for example, allocating funding towards a more robust voucher and rent supplement program may increase the choices that households have over where they want to live. These kinds of programs are flexible to the changing needs and preferences of residents over time, but equally importantly, it provides options in a landscape where the cost of buildings new affordable housing may be irresponsible and inefficient. Capital and operating costs could stretch further and help more households afford a home in a place of their choosing that supports their lifestyles.

As a further method to increase efficiency, The City may also wish to adopt a policy whereby the top three matching households are invited to view the property after the bidding period has closed. (Brown and Yates, 2005 p. 351 from the ODPM 2004 study). Usually, the household at the top of the list is contacted with the offer and they have a chance to view the unit before deciding to accept or pass on the unit. The

housing provider saves time by allowing multiple people to view the unit early on, as sometimes, the top bidder will not accept the unit. The unit can then be offered to the next household in the sequence without having to start the clock over. Furthermore, it gives households at the top of the list the opportunity to tour and view properties of interest. Some may decide after viewing that they are not really interested in a particular building and can modify their future bidding behavior accordingly.

7.5   Make Better Use of Technology

Technology has come a long way since the inception of the choice-based wait list model, but it is not used in nearly as many ways as it could be to achieve goals of efficiency and improved customer service. It has been shown that for effective use of a choice-based rental model, housing administrators must provide feedback when people use the system incorrectly. Some pilot projects found that applicants often submitted applications with errors, and those housing providers who rejected the applications but included error-related feedback saw that users had a better understanding of how the system worked, were more successful with their bids, and were more satisfied with the system as a whole (Kullberg, 2002). For example, automatic messages that bounce an unsuccessful application back to the applicant as quickly as possible could be implemented to save time and frustration for both the housing provider and the applicant.

Working together with a feedback mechanism for application errors, the literature recommends developing the wait list system in such a way that clients are only able to view units or buildings with units for which they qualify, reducing error and needless bids (Kullberg, 2002). This lesson may be applied to the existing distribution waiting list. However, it may also be applied to the choice-based rental model. Advertisements generally list any qualifying details. Should an applicant wish to place a bid on an advertised vacancy, they should be able to call or log on to an online profile to verify whether they are eligible for the advertised unit before they submit a bid. This would reduce time and effort on the applicant's end, but also would reduce ineligible bids and thus the workload of the housing administrator.

It has also been noted that making use of the internet is good at getting out as much information as possible to the broadest geography, and also allows users to target their search (Kullberg, 2002). Housing Connections has already acknowledged that their online application system requires improvements, and the evaluations of the 'My Choice Rental' pilot revealed that access to a computer is a barrier to participating in the choice-based rental model. Improvements to offline access will need to be made, but

the City may also benefit from taking the use of the internet and technology a step further. The City may wish to consider an app for registered and eligible applicants that allows them to make file updates, adjust housing selections in real time, or simply to allow the applicant to have easy, simplified information available at their fingertips about the neighbourhood, building, and unit on offer. An app could also have a function that allows users to flag buildings of interest so that they are notified on their mobile phones when a vacancy is advertised. Brown and Yates (2005) recommend text messaging services that allow applicants to receive details about a housing offer and respond immediately with a bid. These options make applicants less likely to miss out on a bid for something they are truly interested in.

Exploring the ways that the choice-based rental model can do more than just empower applicants, improve perceptions of choice and increase administrative efficiency is strongly recommended. The City of Toronto has a tremendous opportunity to make a difference in the housing selection process and a responsibility to make sure that its efforts are producing favorable outcomes. By making incremental changes to the existing choice-based framework, collecting data, tracking preferences and participating in or conducting research, Toronto will be able to make informed decisions about how to proceed with the choice-based rental model knowing where its strengths lie, and what its weaknesses are.

7.6   Name the Model Accordingly

Many of the criticisms around the choice-based rental model could be addressed by simply reflecting on whether the naming of the model as such is appropriate. How proponents of the choice-based model discuss its merits and applications impacts the criticisms and the expected outcomes of the model. If the allocation mechanism is not based on the provision or enhancement of choice for applicants, why should it be called choice-based? The goals and the intentions of the model also need to be clearly articulated. Is the model truly about enhancing choice and empowering applicants? Explanations of how exactly applicants are empowered through the choice-based model are absent or unclear in the literature. Or, is the goal to increase applicant responsibility and involvement in the housing process? Reframed in this way, some of the same questions remain: does a household's active involvement and engagement in the housing process result in improved housing outcomes and healthy, sustainable communities? However, appropriate, accurate naming and the articulation of the goals of the model may result in more realistic outcome expectations from applicants and researchers.

8   Conclusion

Toronto is taking up the choice-based rental model as a leader in Ontario, Canada, with high hopes that it will empower people and allow them to feel more control over their search for affordable housing and more ownership over their housing outcomes (City of Toronto, 2014b). The research has shown that the basic, traditional choice-based rental model in its simplest form has many issues. While some of its key strengths lie in that it is generally more efficient and cost effective and that it has a generally high user satisfaction rate related to greater process transparency and perceptions of choice, the weaknesses are important to contemplate. The perception of choice offered through the model may not be real choice at all, and the model may place greater burdens on social service providers and the applicants themselves.

There is an important distinction to be made about choice. Choice as it is provided in the choice-based rental model is more about a household choosing which vacancies it applies for, and reducing the chances that a household is offered a unit that does not suit its wants or needs. Increased choice is not being offered by a choice-based rental model in terms of increased opportunities or options for households. The model is better at matching household with units they are willing to accept (Pawson & Kintrea, 2002), and households are likely to bid only on vacancies they are interested in. As such, households are less likely to reject offers, and are less subject to the penalties of refusing an offer under the current distribution waiting list model (applications are cancelled after three refusals) (Jones & Pawson, 2009). In the distribution model, offers may come at any time in the household's life when they may not be ready or able to move, or, they may realize upon viewing the vacancy that it is not suitable, as very little building, unit and neighbourhood information is available on the application check lists. Furthermore, there is little evidence to suggest that the policy may be appropriately transferred from the environment in the United Kingdom and the Netherlands to Canada. In fact, previous research into the trends of the adoption of the choice-based rental model into foreign housing market environments show that most of the decisions are made based on a perception of need for upgrades and modernisation of the existing system (Pawson & Hulse, 2011). It is rarely a rational process of identifying issues in the social housing sector, identifying potential solutions, and choosing the option that best addresses those issues (Pawson & Hulse, 2011). Justification for the adoption of the model should be based evidence that it will perform as intended. If the City adopts the choice-based rental model as-is with no process modifications, they should strongly consider going further by allowing research to be conducted, and by intentionally and systematically tracking all data that can be collected through the system.

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Toronto's social housing market is quite different from those in the United Kingdom and the Netherlands. While the choice-based rental model may work well in areas where social housing is widely available, it has been shown that it works less well in a market where the demand consistently exceeds the supply of housing (Pawson & Hulse, 2011). The introduction of the choice-based model is not likely to correct the excess supply and limited demand issues facing Toronto. The model does not reduce the competition in an unbalanced housing market (ODPM 2004, in Brown & Yates, 2005), but appears to highlight it instead. Choices have not changed; there is no increase in the options available. It is important that the City of Toronto explore the conditions under which the choice-based rental model is successful and compare them to its own market conditions, especially given that research has found the model to be most successful in areas with low demand for social housing stock (Pawson & Hulse, 2011). This is not Toronto's reality.

The model's success is often based on its popularity with housing providers, its ability to result in efficient use of housing resources, and users' modest perceptions of improved choice or transparency (Pawson & Hulse, 2011). In adopting policy from other parts of the world, it must be considered whether the choice-based rental model "as adapted for operation in foreign contexts can deliver better outcomes for social renters in terms of more appropriate dwellings, and locations which facilitate social connectedness and participation in economic life" (Pawson & Hulse, 2011, p. 129). As of yet, the literature is unable to conclude that this is possible in the context of a growing urban metropolis like the City of Toronto.

The City should strongly consider embracing this opportunity to develop a choice-based rental model that is something more comprehensive, to efficiently and transparently administer social housing, but also to plan for better housing and better neighbourhoods. Toronto Community Housing Corporation's vision is to "build better homes, better neighbourhoods, and a better Toronto for all" (TCHC, 2015b), and creating and adopting a more holistic, comprehensive waiting list system that allows Toronto to do more and do better supports this vision.

The literature is conflicted about whether or not the choice-based rental model contributes to more sustainable neighbourhoods. There is a lack of robust evidence because most of the models in place are relatively new (Brown & Yates, 2005). Pilot studies pave the way for the implementation of the program, however, evaluation of these pilots alone is not enough to assess longitudinal effects, and how the model is impacting neighbourhoods over the long term. The City of Toronto may not be able do it alone, but with

research partners, they could keep records of reasons people are moving, reasons they are choosing or leaving specific neighbourhoods, track how quickly and why a household is reapply to the waiting list after finally receiving a housing offer, and correlating a lot of this information with what is already known about Toronto neighbourhoods through open data and census statistics.

It is assumed by decision makers that the choice-based rental model empowers households and allows them more choice in their housing situation, resulting in more ownership over homes and investment in community. Thus far, no findings conclusively demonstrate improved choice or positive effects for neighbourhoods through the use of the choice-based rental model. Findings do, however, substantiate that users *feel* they have more choice, like the model better, and find it to be more transparent than other allocation models.

However, if the model overburdens the most vulnerable in our society, and if adequate supports are not in place to assist households with navigating an onerous, time intensive, potentially discouraging system, neighbourhoods with the most problematic patterns will be reinforced. Neighbourhoods of choice will be very competitive, while neighbourhoods with social issues, high poverty and crime will be avoided by all but those with very few alternative options. The choice-based rental model as it is, with no modifications or forethought about how it should be applied in a new context, may perpetuate the marginalization of already vulnerable groups. Granted, the existing distribution waiting list model has similar concerns, as those with the most dire circumstances will choose from even the least desirable of options. However a key difference is that the choice-based rental model places the onus on the applicants to consistently and steadily apply or bid for units, or else they will receive no offers of housing at all. Those with the time, ability, and wherewithal to persist will continue to bid; those who are not able to fully engage with the system for a host of reasons will fall by the wayside. The most vulnerable will bid on the least desirable areas because they are less competitive and they have higher chances of winning the bid. It brings to mind survival of the fittest, making affordable housing "choices" competitive, with only the strongest of mind and those with the luxury to wait for a better offer coming out on top.

Research, data collection, and implementing some of the lessons learned from previous research will take the choice-based rental model from a portal connecting applicants and housing options to a tool used to build neighbourhoods that receive equitable resources. Preference tracking, and rigorous data collection and analysis in the choice-based model may help justify the redistribution of scarce resources to

neighbourhoods showing the greatest need. Through the redistribution of resources, neighbourhoods may receive the funding and support they need to transition into places that households are happy to choose. With quantitative baseline data and qualitative research involving applicant feedback on neighbourhood preferences, choices and perceptions, arguments for new affordable housing policies may be more easily won. Broader, more far reaching programs the portable housing benefit (ex.: housing vouchers) proposed in Ontario's Long-Term Affordable Housing Strategy may be implemented (MMAH, 2016b), allowing applicants real options and real choice, taking their housing assistance wherever they choose. If the choice-based rental model is modified as recommended to suit the circumstances and needs of a growing urban centre, its impact has the potential to far surpass its claims of empowerment and choice through neighbourhood improvements and housing policy reform.

Very little research exists on choice-based rental models in the Canadian context. Studying the 'My Choice Rental' program is a good start. Further research should also look deeply into the user satisfaction of the choice-based model as compared to the existing distribution waiting list model. It would be interesting to know whether users find the system easier or more difficult to navigate, which model they prefer and why, whether they feel they have choice, and what they perceive as barriers to access, for starters. It would be especially helpful if research followed up with users in the future to investigate how they feel about their current neighbourhood and whether they feel that the choice-based model enabled them to make an informed decision about their current housing situation.

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