STIMULATING THE RENTAL MARKET: FEDERAL AND PROVINCIAL HOUSING POLICY FROM 1935-2019

By

Tessa Chapman
BA. Hons History, University of King's College, 2015

A Major Research Paper
Presented by Ryerson University

In partial fulfillment of the requirements for the degree of

Master of Planning
In
Urban Development

Toronto, Ontario, Canada, 2019

Author's Declaration for Electronic Submission of a MRP

I hereby declare that I am the sole author of this MRP. This is a true copy of the MRP, including any required final revisions.

I authorize Ryerson University to lend this paper to other institutions or individuals for the purpose of scholarly research.

I further authorize Ryerson University to reproduce this MRP by photocopying or by other means, in total or in part, at the request of other institutions or individuals for the purpose of scholarly research.

I understand that my MRP may be made electronically available to the public.

Acknowledgements

Thank you to my supervisor Professor Shelagh McCartney for her guidance throughout this process. Thank you to my second reader, Shawn Parry for taking the time to read this MRP. Lastly, thank you to my family for their support throughout this degree.

Table of Contents

List of Tables and Charts

List of Abbreviations

ARP	Assisted Rental Program
CCA	Capital Cost Allowance
CCF	Co-operative Commonwealth Federation
CIHP	Community Integrated Housing Program
CMHC	Canada Mortgage and Housing Corporation
CPPS	Community Planning Permit System
CRSP	Canada Rental Supply Plan
C-T-R	Convert-to-Rent Program
DHA	Dominion Housing Act
IZ	Inclusionary Zoning
LD	Limited Dividend Program
MURB	Multiple Urban Residential Buildings
NHA	National Housing Act
ORCL	Ontario Rental Construction Loan
PARP	Private Assisted Rental Program
PPS	Provincial Policy Statement
WHL	Wartime Housing Limited

Introduction

The Canadian Rental Housing Index outlines that in 2018, Ontario's rental market is as unhealthy as it has ever been (Canadian Rental Housing Index, n.d.). This is due to the fact that the supply of rental housing has not kept up with the growing demand for this tenure type. From 2011-2016, the average rate of renter formation[1] was approximately 34,000 renter households per year (Urbanation, 2019). During this same period approximately 5,000 purpose-built rental units were completed (CMHC, 2018). This misalignment between the supply and demand of rental housing has resulted in extremely low vacancy rates. In 2017, the vacancy rate in Ontario hit 1.6%, the lowest it has been since 2000 (CMHC, 2017). It is important to recognize that the roots of this problem in Ontario reach back further than the last ten years, but the problems have become increasingly acute during this time frame.

Low vacancy rates are often linked with a decline in affordability. The recent rise in demand for rental housing in Ontario has been fueled by a strong economy, increasing immigration, and a rise in the number of renter households due to the unaffordability of the housing market (Rosen and Walks, 2014). When demand out paces supply, lower vacancy rates ensue. This enables landlords and property owners to charge more rent for their units, due to the high demand and this in turn causes rental rates to increase (CMHC, 2018). This combination of rising rents and declining vacancy rates has contributed to a veritable rental-housing crisis in Ontario (CMHC, 2018).

Accessible rental housing is critical to a healthy and sustainable housing market, because it provides access to housing for lower income individuals, seniors, students, families and those

[1] Renter formation is the net change in the number of renter households.

that lack the capital means to achieve home or condo ownership, or simply choose not to. In the context of a housing crisis such as the one Ontario is currently facing, it is incumbent upon governments to use the tools at their disposal to foster a rental market that provides reasonably affordable housing for its citizens. However, the history of government involvement in the Canadian housing market is one marked by many challenges and failures, as evidenced by Ontario's critically low vacancy rates and lack of purpose-built rental construction. A careful analysis of government housing programs, then, can tell us much about how Ontario might address the crisis it finds itself in today. To that end, this paper will systematically review both Canada's federal and Ontario's provincial housing policies since the Great Depression of the 1930s until 2018, to investigate the success of policy makers attempts to induce private sector provision of rental housing units. These policies will be evaluated through the lens of political economy, which seeks to understand how political forces can influence and direct private market investment. It will define the success of these policies based on the number of purpose-built rental housing starts and/or units created, drawing on both Canada Mortgage and Housing Corporation data and secondary sources citing government data. In addition, where available and applicable, information on the amount of government funding provided by specific housing policies and programs will be discussed as an additional tool to evaluate program success. This understanding of housing starts as an indicator of housing policy success builds off the work of political economist Michael Ball, who contends that "the rate of new house building is one of the best barometers of changes in the state of housing provision [because] it cuts through all the rhetoric of things-are-not-as-bad-as-they-seem, 'crude housing surpluses' and the fallibility of population projections" (1983, p.5).

In Canada, all housing policy must work within two institutional frameworks: the constitutional division of powers between federal and provincial jurisdictions, and the capitalist market economy (Bacher, 1993). A central tenant of policy at both the provincial and federal levels of government is a preference for the private sector to be the prime delivery agent of housing stock (Hulchanski, 1988). In the context of a market economy, where capital funds are central to all private housing developments, the primary lever available to governments is their power to facilitate and manipulate developer's access to finance capital (Bacher, 1993). In short, the housing sector is fundamentally dependent on financial institutions: developers are dependent on financial institutions, both public and private; landlords require finance to buy, refurbish and market rental housing; and prospective home-buyers require a mortgage (Moscovitch, 1981). This paper argues that, under ever fluctuating market conditions, neither federal nor provincial government programs have been able to determine the correct mechanisms, to successfully and consistently induce private sector investment in rental housing. Consequently, programs are continually revised, replaced and adjusted to respond to the market trend of the moment, with the same result – a lack of significant investment by the private sector in the rental housing market. This, it will be argued, is a problem inherent in a political economy organized around the profit motive, which dictates that developers will always pursue the most profitable model given the option (Moscovitch, 1981). Governments can only do so much to contend with this phenomenon in their fight to bolster the rental market and provide access to affordable housing for their citizens.

This paper will also address the implications of the market economy on the role of land-use planning policies and the planning profession as they relate to policies of the federal and provincial levels of government. Land-use planning policy is a factor that can either hinder or encourage investment, and land-use planners must consider the implications of their work on the purpose-built rental market at large. Planners can play a significant role in influencing what types of housing gets built. Because this paper focuses on the federal and provincial levels of government, this paper will suggest that the role of provincial planners is to craft high level policies as well as develop legislative and regulatory tools that effect or influence land use planning, and subsequently the rental market. In light of this, provincial planners need to understand how these policies interact with each other, and how they will affect municipalities, citizens, tenants, developers, and the overarching housing market. Provincial planners are limited in their ability to implement these policies, as municipalities are primarily responsible for land-use planning and deciding how their cities will look, and what will be built within them.

This paper begins by outlining the constitutional division of powers between the federal and provincial governments. This is followed by an overview and discussion of federal housing policies and programs since the Great Depression, as well as Ontario government policies and programs since the 1960s. These sections will explore the ways in which both governments have sought to encourage the private market to provide adequate housing to Canadians. The paper will then conclude with a discussion of what we can learn from these policies and programs and how it can be applied in the context of Ontario's housing crisis. The focus remains primarily on policies directed at managing or influencing housing outcomes in the private market economy, with a brief discussion of public provision housing in the context of direct government intervention in the market.

The Importance of Rental Housing in Ontario

Access to safe, affordable and adequate housing is critical for ensuring positive health, social and economic outcomes for Canadians (Ontario Human Rights Commission, 2007). An adequate supply of rental housing is essential to securing these outcomes. In addition, in order to have a healthy and successful housing market, it is important to have a variety of different tenure types, including rental housing. Rental housing serves a diverse population, who may have various needs that cannot be met by other tenure types. For example, a renter may not wish nor be able to afford to commit to a long-term investment such as a house, they may need housing for a relatively short period of time, or they may have a flexible working environment that allows for increased mobility.

Rental housing is a critical tenure type for diverse socio-economic groups, including younger and single households, students, new immigrants and seniors (LaPointe, 2011). These groups, that typically reside in rental housing, will be driving Ontario's population growth until 2041, thus creating more demand for rental housing (LaPointe, 2011) as the following paragraph demonstrates.

Ontario's population is aging. According to the Ministry of Finance's population projections, the number of seniors over the age of 65 will almost double by 2041, from 2.4 million (16.7% of the population) in 2017, to 4.6 million (24.8% of the population) in 2041 (Ministry of Finance, 2018). In 2013, a survey found that 83% of seniors would prefer to age in place (RBC, 2013). However, if a home is not suitable for aging in place because it is not accessible or near necessary services, aging in place may not be feasible (Ontario Non-Profit Housing Association, 2018). In this case, seniors may be moving away from homeownership and into the rental market, thus driving demand for physically accessible and affordable rental housing (LaPointe, 2011). Immigration will also contribute significantly to population growth in Ontario, accounting for 76% of all population growth over the 2017-2041 period (Ministry of Finance, 2018). According to CMHC, recent immigrants are more likely to rent than own, with 55% of recent immigrants in 2011 living in rental housing (CMHC, 2011). These groups have been shown to be the most reliant on rental housing, and they will drive significant demand for this housing type in the coming years (Lapointe, 2011) especially in the Greater Toronto Area where the vast majority of immigrants will settle (Ministry of Finance, 2018).

People that live in rental housing typically have lower-incomes than those that own homes (LaPointe, 2011) and are therefore more vulnerable to losing their homes, if rental prices increase. In 2016, real average after-tax household incomes for renter households was $50,300. In comparison, homeowner's average after-tax household income was $93,300 (CMHC, 2018). This disparity has only increased in the last 10-years, with renter households' average after-tax household income being $43,300 and homeowners' averaging $85,300 in 2006. The negative effects of this rise in disparity are compounded by increasing home and rental prices. In 2010, the average residential price was $342,200 (LaPointe, 2011). House prices and have been rising steadily, peaking at over $700,000 in 2017, and in February 2019 the average residential price was $580,019 (Ontario Real Estate Association, 2019), almost $200,000 more than the rate of inflation (Statistics Canada, 2019) In addition, average market rents are increasing. In 2010, the average rent for a one-bedroom apartment was $844 and in 2018 this increased to $1,103 (CMHC, 2010-2018), almost $150 more than the rate of inflation (Statistics Canada, 2019). In this context, more people will not be able to afford to enter into the housing market, staying in the rental market longer, which drives an increase demand for rental housing, that is not currently being met by the development sector. The effects of increased demand but not enough supply, which in turn causes rents to increase, is felt most by those in low-income socio-economic groups. They are left with limited, or in some cases no access to affordable housing. The long-term effect of ignoring this issue is that more and more people will struggle to afford to keep a roof over their heads, or renters become more vulnerable to units being kept in disrepair or abused by landlords. High rents also have the impact of people not being able to meet their basic needs as people spend the majority of their income on rent, this means that they have less money left over to pay for other necessities such as food, healthcare and education (Advocacy Centre for Tenants Ontario, 2018). This leads to poorer health and social outcomes, such as food insecurity, increased dependence on the healthcare system, and the lack of social mobility (Advocacy Centre for Tenants Ontario, 2018).

Establishing the Appropriate Measure for Success of Canada's Private Rental Housing Market

This paper reviews government policies and programs over a time frame spanning almost 100 years, and as such, there is limited data available to conduct an evaluation using consistent metrics. In the past, Canadian housing policy historians who have attempted to evaluate housing programs and policies have been critical of federal and provincial governments who have done a poor job of measuring success through data collection (Fallis 1980; Sewell, 1994).

George Fallis in his book *Housing Programs and Income Distribution in Ontario*, notes that there has been insufficient analysis done on provincial and federal housing programs, resulting in program analysis where "attention is focused on the process of implementing the program, and output is measured by how many units are produced" (1980, p.141). Sewell, in *Houses and Homes: Housing for Canadians*, echoes this belief, highlighting the difficulty in learning from the mistakes of these programs, because of the lack of rigorous program evaluation completed (1994). Fallis argues that a more comprehensive analysis that includes metrics such as measuring the value of subsidies from the perspective of participants, determining market value of the housing produced, determining the cost of tax exemptions, measuring externalities, and determining who explicitly benefits from these programs, is needed to truly and properly evaluate federal and provincial program (Fallis, 1980).

Dowler, is in his paper, *Housing-Related Tax Expenditures: An Overview and Evaluation* (1984), highlights the need to have an evaluation system in place that allows for the tracking of how many purpose-built rental units stay in the rental market after programs end. Dowler highlights this as an impediment to understanding the true effect of tax incentive programs on the rental market – once the tax incentive ends, will the owner/landlord continue to keep the units as rental or will they turn them into a tenure type with more favorable tax relief?

Moving forward, metrics which take into account a variety of factors including economic as well as land use policies and spatial patterns, may allow for a more robust discussion of the success of rental policies and programs in the future. Spatial metrics show where new housing starts are being developed within a municipality, and allow planners to determine whether they are being built in areas where there is access to municipal services and amenities and what socioeconomic group the development is serving. In a time where planning is adopting complete communities, spatial metrics may be a key tool for planners to understand if rental housing policies and programs are in fact facilitating desirable and equitable purpose-built rental housing development. It is unfortunate that there is not enough data for this paper to undertake a spatial analysis of the subject matter. Many municipalities, such as the City of Toronto, have implemented spatial databases that track development applications, and identify proposed developments as well as supporting documentation. In the future, if programs and policies are adopted that specifically target purpose-built rental housing, this information could be tracked using municipal spatial databases, such as the Development Application Portal. This would be an effective tool for evaluating housing programs and policies moving forward.

Taking into account the lack of data available, and building on the work of Michael Ball (1983), as well as Statistics Canada's use of housing starts as a market indicator (2019), this paper will evaluate the success of federal and provincial policies and programs aimed at fostering private investment in the purpose-built rental housing market based on the number of purpose-built rental housing starts and units these initiatives facilitated. This data will be presented both in the number of starts created but also in the average number of starts created per year, providing a metric to compare programs and policies of different durations and from different time periods. Data on the generation of purpose-built rental housing starts collected by CMHC is relied upon by many secondary sources as an effective measure of program success, and is relatively accessible for use as an evaluation criterion for this work. Where possible, direct CMHC data available from the CMHC website and data portal has been cited. However, in many cases, primary data is not readily available, and in these cases secondary sources have been relied upon to provide data on housing starts. These data sources include academic books and articles, federal and provincial program evaluations, and journal articles.

In some cases, data on federal and provincial capital provided to developers through rental housing policies and programs has been used as an additional indicator to evaluate success. This is because when a policy or program provided significant capital to developers, it can be assumed that it created the conditions for investment in purpose-built rental housing to be profitable. While it is recognized that investment does not always correlate to housing being built, it does provide a general sense of whether a policy or program has been successful (Program Evaluation Division, 1988). This metric does have limitations in that it can be difficult to measure how many units were in fact built as a result of this investment, and if it was in fact a significant amount in comparison to other federal and provincial expenditures at the time.

Given the limitations of accessing available and applicable data for the last 100 years, as well as the continued reliance by governments and academics on housing starts as a measure of success, this approach will be used throughout this paper to evaluate the success of provincial and federal programs and policies aimed at stimulating the purpose-built rental market.

The Role of Federal and Provincial Governments in Canada's Private Rental Housing Market

Under the *Constitution Act, 1867*, the federal government has broad constitutional powers over financial markets and banking. The federal government controls banking and therefore interest rates (s. 91(15 and (19)); regulates inter-provincial trade (s. 91(2); and can impose both direct and indirect taxes (s. 91(3)). The federal government also exercises prerogative spending power or "power of the purse," enabling it to spend money on any public policy object, even those falling within the legislative jurisdiction of the provinces (Monahan & Shaw, 2013, p. 5). Thus, in the Canadian constitutional context, the main federal responsibilities in the field of housing are to facilitate the smooth operation of private housing markets by assisting the private sector to build housing through financial programs and incentives, socializing the risk of market failure by providing and requiring mortgage loan insurance, stimulating consumer demand for products offered by private industry by assisting the private sector in providing more affordable housing, and financially assisting consumers at the low end of the market, by building and subsidizing public housing. The challenge, of course, is that ultimately federal governments have no control over the free market, and can only influence it insofar as they can provide access to mortgage monies, tax incentives, and capital grants to attempt to stimulate private sector investment.

Under the *Constitution Act, 1867* the provinces can borrow money (s. 92(3)), control municipal government (s. 92(8)), and exercise broad land-use and regulatory responsibilities under the heading of "property and civil rights" (s. 92(13)). Consequently, provincial governments are directly responsible for infrastructure, including the direct provision of public or social housing, as well as the direct regulation of local land markets. They may also choose to delegate land-use powers and responsibilities to municipal governments. Elected provincial governments more directly engage with participants in the housing market than the federal government, on both the supply and demand sides, which can be broadly categorized as: developers and landlords; home-owners and tenants (Hulchanski, 2003). As a result, provincial politicians tend to be more likely to incorporate partisan electoral considerations into the policy-making calculus (Coleman & Jacek, 1989). The partisan nature of provincial housing politics means that groups that are able to mobilize and lobby provincial governments may see their interests and agenda furthered. This may tend to favour organized and wealthy organizations, while tenants and other groups may not have the capacity to organize. However, it also means that provincial housing policy is subject to change from election to election and can result in a lack of stability in the sector.

Federal Approaches to Housing Policy

<u>Evolution of Federal Housing Policy Aimed at Stimulating the Market</u>

Historically, the federal government's superior financial resources and taxation capabilities have enabled it to play a significant role in crafting overarching housing policy across the country. In fact, prior to 1964, the federal government was the primary level of government involved in crafting housing policy focused both on rental and other types of housing, while provinces and municipalities had jurisdiction over zoning by-laws and land use and building code regulations (Dupuis, 2003). However, after 1964 when the National Housing Act amendments were introduced, the federal government began to encourage greater provincial involvement in housing policy.

<u>Stimulating the Mortgage Market to Create Private Units</u>

The federal Dominion Housing Act (DHA) of 1935 was adopted in response to the Great Depression, which had decimated the construction industry as well as the housing market (Oberlander & Fallick, 1992). Many low-income families were without homes or adequate housing, resulting in the proliferation of "slum areas" (Bacher, 1993). These "slum areas" gained national attention, and numerous reports and surveys on housing conditions across the country were undertaken. These reports argued that the depression had exacerbated poor urban housing conditions, and that government intervention was necessary to remedy these problems (Overlander & Fallick, 1992). Despite these reports, the Prime Minister at the time, R.B. Bennett was reluctant to intervene, instead choosing to "rely on market forces to improve the shelter problems of Canadians" (Overlander & Fallick, 1992, p.14). Here is an early indication of the federal government's reliance on the private sector to provide housing, and the private sector failing to provide adequate housing to meet the needs of all citizens.

Intense lobbying by social reformers, members of parliament, and the construction industry, led the Conservative Prime Minister Bennett, who had a majority government to concede that intervention in the housing market would be necessary. A Special Committee was convened to "consider and report upon the inauguration of a national policy of house building to include the construction and repair of urban and rural dwelling houses in order to provide employment throughout Canada" (Overlander & Fallick, 1992, p.14). The Special Committee recommended that systematic intervention by the federal government in the housing market was needed to tackle these longstanding issues (Overlander & Fallick, 1992). However, the federal government did not adopt the Special Committee's recommendations, instead moving forward with policy shaped by W.C. Clark the Deputy Finance Minister, who "preferred to concentrate on the immediate emergency problem of using housing as a stimulant to business recovery and as an absorber of unemployment" rather than the "most difficult and the most complicated aspects of housing like slum clearance" (Overlander & Fallick, 1992, p.15). Clark believed that federal intervention should be limited to providing mortgage assistance to Canadians in order to stimulate the housing construction industry (Overlander & Fallick, 1992, p.16). The Dominion Housing Act, which was passed in 1935, reflected Clark's policy approach and allocated $10 million for loans to builders or owners for housing construction, as well as allowed private financial institutions to provide joint mortgages with the federal government (Overlander & Fallick, 1992). Prior to the DHA, the participation of financial institutions in the mortgage market was severely restricted by the federal government (Dupuis, 2003), which, coupled with strict loan re-payment schedules, made it extremely difficult and expensive for significant numbers of Canadians to access mortgages (Dupuis, 2003). The DHA changed this by allowing the federal government to provide mortgage loans with favorable interest rates directly to approved financial institutions. The federal government provided 20% of the loan and the private lending institution provided 60%, with the total loan equaling up to 80% of the full cost of the house (Bacher, 1993). The DHA also allowed these loans to be paid back over a twenty-year period with a 5% interest rate. In order to ensure a 5% interest rate, the federal government provided a subsidized interest rate, charging less in interest than the government paid to borrow money for the mortgage loan program.

The DHA was “designed to assist in solving the existing problem of unemployment” (Overlander & Fallick, 1992, p.17) rather than address the systemic housing issues facing Canadians. This policy was the first major intervention by the federal government on the housing issue (Overlander & Fallick, 1992), and exemplified its preference for stimulating the private housing market rather than directly providing shelter to Canadians. This set the tone for the federal government’s preference to stimulate the private housing market rather than directly intervening, and lead to the series of patchwork, reactive interventions that characterized federal housing policy over the next 30 years.

The success of the DHA in building new homes was limited, due to the lack of private financial institutions willing to participate in the program, because DHA mortgages were seen as risky and expensive to administer by private financial institutions. From 1935-1938 the DHA distributed 3,158 loans to build 4,903 units of housing, resulting in an average of 1,226 starts per year. These loans amounted to almost $20 million dollars. Ontario received the vast majority of these loans with 1,349 loans given to build 2,344 units of housing at a cost of $9.2 million dollars (Hulchanski, 1986). Arguably, this program was not successful in stimulating housing because it relied on private banking institutions to perceive it as profitable in a depression-era economy, where only those in the middle-class could afford to buy homes (Overlander & Fallick, 1992). An important delineation here is that, while the DHA provided assistance to potential homeowners, it provided no assistance to the rental housing sector, nor to those who typically lived in rental housing at the time, lower-income households (Selby, 1985). In Joan Louise Selby's comprehensive review of rental housing policy in Canada, she argued that the federal government was unwilling to intervene in the rental sector due to its "reverence of free enterprise and home ownership" (1985, p.78), in spite of the demand for low-income rental housing, which was exacerbated by the Great Depression (Selby, 1985). Again, we see how the federal government prefers to stimulate and situate the private market to be the primary delivery agent of housing in Canada. The DHA also failed to deliver both the quantity and type (namely, rental) of housing to meet the needs of Canadians at that time.

In 1938, the majority federal government, now led by the Liberal Mackenzie King replaced the DHA with the National Housing Act (NHA). Similar to the DHA, the NHA was meant to "increase employment, stimulate the construction industry, and to expand the housing supply" (Overlander & Fallick, 1992, p.19). The NHA continued to allow the federal government to arrange joint mortgages with private financial institutions and authorized more favorable terms for borrowers, with the government assuming more of the costs and risks associated with these mortgages (Bacher, 1993). Similar to the DHA loans, private financial institutions participation in the mortgage program was minimal and by 1939, NHA loans had produced a mere 2,273 units of housing (Bacher, 1993). During this era, government policy was again failing to stimulate the housing market, in spite of attempts by the federal government to generate more favorable conditions for investment by stimulating the mortgage market through the NHA.

One notable difference of the NHA from the DHA was that it enabled the federal government to enter the rental housing market for the first time. When the NHA was created in 1938, the federal government had been under consistent pressure from social reformers to address slum clearance and low-rental provisions, forcing Ottawa to recognize that the private sector was failing to supply affordable rental housing (Selby, 1985). Under the NHA, the federal government committed to providing $30 million in construction loans to local housing corporations who would then lease the newly constructed homes to low income families. In order for municipalities to access these funds, provincial governments had to pass legislation that would allow municipalities to participate in this program, and municipalities were only allowed to collect 1% of taxes on rental projects (Overlander & Fallick, 1992). In addition, provincial governments had to cover any losses incurred from the rental projects that federal loans were made to (Overlander & Fallick, 1992, p.20). The NHA program was significant in that it represented the first large investment by the federal government in stimulating rental housing starts by placing restrictions on who could access capital and how it could be used. However, it was allowed to expire in 1940 during the Second World War without a single rental project being approved. This was because neither provincial nor municipal governments were willing to take on the financial risk of these projects given the enormous cost of depression relief they were providing to citizens at this time (Overlander & Fallick, 1992). Although this program was innovative for its time, its failure is indicative of the hazards of placing too many restrictions on capital grants aimed at stimulating private sector investment in rental housing, particularly during a period of economic strife.

Direct Intervention[2] in a Wartime Economy

At the beginning of World War II, the majority liberal government led by Prime Minister Mackenzie King, began intervening directly into the private rental market. This direct intervention into the housing market was justified as a wartime necessity and one that would end upon completion of the war, when the federal government would once again defer to the private sector as the primary supplier of housing (Selby, 1985). The terms of federal engagement with the housing sector were succinctly put by CD Howe, the Minister for Reconstruction in the King government in 1946, two years after the government over-hauled the National Housing Act:

> It is the policy to ensure that as large a portion as possible of housing be built by private initiative. The Dominion Government will lend every facility to provide private enterprise to build as many houses as needed…if, however, with all the assistance we can provide for financing, materials and labour supply, the houses required to substantially improve the housing standard of the Canadian people are not forthcoming, then the Dominion Government will take a direct position in the housing field (Moscovitch, 1981, p. 339-340)

In 1941, the federal government created Wartime Housing Limited (WHL), which was responsible for the "construction or purchase, operation and management of temporary rental housing for urban war-related industrial workers and their families" (Selby, 1985, p.78). WHL was responsible for building 17,190 dwellings between 1941-1944 at a cost of $50 million, which accounted for 11% of all residential development during that time (Selby, 1985), not an insignificant amount given the time frame. In addition to directly building rental units, the federal government also imposed rent and eviction controls, provided loans to encourage the conversion of single dwelling homes into multi-unit homes, and reduced its lending program for homeownership mortgages (Selby, 1985).

[2] Direct Intervention into a housing market means that the government itself is providing housing to Canadians e.g. build own and maintain housing and rent it to tenants, rather than relying on the private sector to provide housing units.

When a wartime economy prevails, the profit motives of the free market are supplanted by the necessity for the government to redirect all economic activity and growth towards the war effort. While the topic of wartime economic redistribution is worthy of a much more rigorous discussion, for the purposes of this paper, it is illustrative of the fact that in extenuating circumstances, governments *are* able to make the case for moving beyond the restraints of the free market and provide housing directly to citizens. During the war, the government had to act to resolve "the national emergency of housing war industry workers" (Oberlander & Fallick, 1992, p. 23) because they were critical to the war effort. Severe housing shortages had to be addressed by the government, in order to ensure that the wartime economy could continue to function.

Post-War Free Market Policies: Expansion of Access to Capital

The King government's over-haul of the NHA in 1944 anticipated a surge in the demand for housing in the imminent post-war era once servicemen and women returned from Europe (Bacher, 1993). Moreover, the strong showing of the Co-operative Commonwealth Federation (CCF) in the 1943 Ontario election and the victory of the CCF in the Saskatchewan election in 1944, suggested that the voting public would be receptive to action in the social policy field by the federal government. The King government responded to this electoral threat from the left by adopting more left-leaning social policies. This strategy for pre-empting support for the CCF in the 1945 federal election manifested itself across the spectrum of federal policy-making, including in housing policy (Nelles, 2017; Anastakis, 2017).

In spite of this shift towards left-leaning policies, federal intervention in the housing market took the form not of direct state provision of housing, but instead reverted back to previous federal policies that facilitated the expansion of access to finance capital for the private sector. The revised National Housing Act, which was “intended to encourage the production of all types of housing” (Selby, 1985, p.89) continued to allow for joint mortgages between the federal government and private lending institutions to be offered at favorable rates, thereby encouraging and promoting home ownership and construction. Residential home ownership starts rose significantly after the end of the war, with almost 90,000 starts a year in 1948 and 1949, in comparison to 41,000 residential starts in 1944 (Selby, 1985). The vast majority of these starts were for detached single-family dwellings, representing 80% of housing starts in 1947 (Selby, 1985). The NHA also focused on facilitating rental housing by allowing private rental developers to become eligible for twenty-year loans that covered 80%-90% of the lending value for market- rate rental projects (Selby, 1985). Although the 1944 NHA amendments provided favorable borrowing terms for rental housing, very little rental housing was in fact built in the immediate post-war years (Selby, 1985). Indeed, it has been estimated that less than 5,000 rental units across Canada were built during this period (Selby, 1985), despite an increased demand for rental housing driven by the return of military veterans from the WWII (Bacher, 1993). This was in part due to higher construction and materials costs, which made the economics of rental housing unattractive to investors as renters during this era were generally low-income (Selby, 1985).

Federal housing policy began and remained primarily focused on stimulating private investment in the housing market (Dupuis, 2003). The central policy thrust of expanding the residential mortgage market promoted private homeownership as the desirable type of housing, to be delivered by the private sector with support from the federal government. This resulted in development that by and large benefitted middle class Canadians and highlighted a lack of political will to address social equity and low-income housing needs (Bacher, 1993). Attempts were made in 1938 to address the needs of the rental market, through a federal loan program, but this carried with it the complexities of requiring multi-level government cooperation and a transfer of risk directly to Provincial governments despite it being a federal program. This market stimulus program produced no units.

The only instance of direct federal intervention in the market, which generated the most rental housing starts during the era, was during WWII. This was seen as a temporary measure, to be abandoned in favour of the open market upon completion of the war, when the wartime economy would end, and the federal government could move away from wartime policies of direct intervention in Canadian's lives. This reversion exemplifies the federal government's knee-jerk response to the housing problem, which is characterized by continuous fiddling with federal financing of private sector housing development, focused largely on the growth of the private home ownership market. This is problematic because it does not address the systematic housing issues facing Canadians, which include the lack of adequate housing for low-income individuals and households.

It was during this period that reports on land-use planning issues began to emerge. These reports noted "land speculation, urban sprawl, and unregulated shack towns on the periphery of Canadian cities still posed serious problems" as well as noting the "ugliness and unsightliness of urban Canada" (Bacher, 1993, p.168). In order to address these perceived issues, planning experts at the time supported large scale government subsidized low-income rental housing (Bacher,1993). At this time, planners saw themselves as advocates for affordable housing, but also promoted "slum clearance" as a policy of urban renewal. While the latter wasn't acted upon until the 1950s (Cross & Collier, 1967), there is a consensus in the planning community that the emergence of this concept set the stage for the deeper marginalization of low-income communities (Anderson, 1964; Gans, 1966; Jacobs, 1992; Klemek, 2011).

	Total # of Loans	Total Housing Units Built	Total Value of Loans	Average Loan Per Unit
Ontario	1,349	2,344	$9,228,656	$3,937
Canada	3,158	4,903	$19,619,442	$4,002

Table 1: Construction and lending activity under the DHA, 1935-1938
Data: Hulchanski, 1986

The Expansion of the Mortgage Market to Private Financial Institutions

The next major federal intervention in the housing market came in the early 1950s, when housing production had cooled off due to stringent financing conditions (Oberlander & Fallick, 1992). At this time, banks required down payments on homes of between 20-25%, resulting in only 30% of the population being able to afford homes (Overlander & Fallick, 1992). In addition, a shortage of mortgage funds was thought to contribute to the decline in housing production (Overlander & Fallick, 1992). In order to address these growing concerns, the liberal federal government, led by Louis St. Laurent, continued his predecessor's approach by amending the National Housing Act in 1954, with the goal of increasing the number of homes built each year (Overlander & Fallick, 1992). The 1954 NHA allowed banks to provide mortgages without federal financial assistance and created mortgage loan insurance for new housing. For the first time since Confederation, banks were permitted to enter the private mortgage business alone (Moscovitch, 1981). This was a significant step towards increasing the powers of the free market, affording financial institutions more discretion in how they participate in the market.

The amendments sought to support private financing by providing a CMHC[3] loan guarantee (Moscovitch, 1981). Mortgage loan insurance required that approved mortgages be insured by the borrower, so that the lender would be protected if the borrower defaulted on the mortgage (Sewell, 1994). This program was administered by CMHC and protected eligible private lenders, making mortgage investments much more appealing to private lending institutions. In exchange for these relatively risk-free investments, the federal government set the lending terms, including interest rates for the loans, maximum loan amount per dwelling, minimum down payments, and a requirement that total costs not exceed 25% of gross family income (Sewell, 1994). These provisions enabled the federal government to exert considerable influence over the operation of the mortgage market (Hulchanski, 1988a). By making mortgage loans an attractive investment for lending institutions, the federal government stimulated the mortgage market and subsequent housing starts, with an increase in total housing starts from under 75,000 a year in 1951 to 138,000 in 1955 (Sewell, 1994, p.86). While this increase does not reflect growth in the rental housing sector, it is an example of a federal policy that successfully created housing starts by allowing private lending institutions to enter into the mortgage market independent of the government. During this time, however, rental housing became an attractive investment for developers, particularly between 1956 and 1960, when 195,706 private sector rental starts were generated throughout Canada, averaging 46,384 starts a year (Selby, 1985). This stimulus in the rental market was a response to growing demand from

[3] The 1944 amendments to the NHA created the Central Mortgage and Housing Corporation (CMHC), later re-named the Canada Mortgage and Housing Corporation, as the primary policy instrument for coordinating the federal response to post-war housing needs. The CHMC was responsible for administering almost all federal housing policies and programs including the joint mortgage loan program and the NHA (Hulchanski, 1988a).

“elderly households vacating family homes in favor of smaller quarters with janitor service, continued rapid urbanization and immigration, and a startling rise in the number of non-family households for whom apartment living seemed appropriate and convenient” (Selby, 1985, p.114). Apartment living was becoming more commonplace and socially acceptable, leading to an increase in market demand from the middle-class, which spurred private sector development for rental housing (Selby, 1985). It’s important to note that the need for rental housing existed prior to the emergence of this trend, but it was generally low-income individuals and families driving this need, which did not represent an attractive investment to developers (Hulchanski, 1988a). Building on the work of Hulchanski, a distinction can be made between need and demand; whereas need reflects the social and human requirements of a socioeconomic group, and demand represents the nascent purchasing power of a group to fulfill that need (1988a).

Throughout this period, the majority liberal government led by St. Laurent cemented the role of the private sector as the primary vehicle for delivering housing prevailed. As Dupuis notes, the “government viewed its role as complementing the private sector in providing housing, rather than trying to compete against it” (2003, p.3). At this time, extensive public-sector intervention into the housing market was not deemed necessary by federal policy-makers, “given the availability of new and existing housing on the private market” (Dupuis, 2003, p.4). The federal government also believed that lower-income households were being provided for through the ‘filtering process’ (Hulchanski, 1988a). This process presumes that those in the position to capitalize on these more attractive mortgages would, thus vacating their old, more affordable dwellings, which would “filter down” to low-income groups, providing them with more affordable housing (Oberland & Fallick, 1992, p.42). This however proved not to be the case, and the filtering process failed to provide an adequate supply of rental housing to low-income households (Selby, 1985). There may also be an inherent problem with a policy the relies on old, less desirable housing stock to provide for low-income groups. The continued failure of the private market to provide affordable rental housing prompted a significant reversal in federal housing policy, which is discussed in the next section.

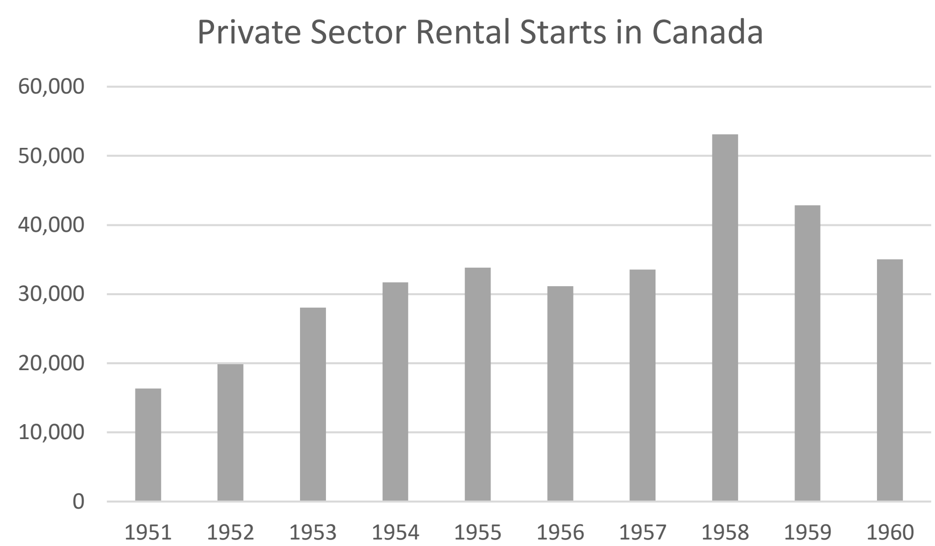

Chart 1: Private sector rental starts, 1951-1960, Canada
Data: Selby, 1985

The emphasis of homeownership during this period and the easy access to mortgage loans had a significant impact on the urban landscape. Sewell states that “the mortgage insurance program favoured and encouraged the construction of suburbs, resulting in cities that were considerably different from those Canadians were used to. Thus, massive development growth was accompanied by change in the way cities looked and worked” (1994, 87). Urban and suburban sprawl, characterized by semi and single detached homes on “land and more land” became a hallmark of the urban landscape, land-use patterns that we are still grappling with today (Sewell, 1994, p. 40). The legacy of urban sprawl and the proliferation of suburban land-use patterns present significant challenges for planners in terms of managing congestion, transportation, and municipal service provision. In addition, these patterns have necessitated the implementation of significant growth management plans to set limits to sprawl and encourage density intensification in urban centres.

Public Housing Provision by the Federal Government

The 1964 amendments to the NHA marked a significant change by Lester B. Pearson's Liberal government in the federal approach to housing policy, and "virtually re-wrote most of the social housing provisions of the National Housing Act" (Oberland & Fallick, 1992, p.57). The NHA amendments expanded funding for federal and provincial public housing projects, allowed CMHC to provide 90% loans to provinces and municipalities for public housing projects, and allowed the provinces and municipalities to enter the public housing realm independently of the federal government (Oberland & Fallick, 1992). These amendments represented an acknowledgement by the federal government of the failure of the private sector to provide housing to low-income Canadians, and an unprecedented willingness to act on the provision of affordable housing (Selby, 1985).

The government's ambitious assertion of the state's role in the housing market can be understood within the larger context of the Canadian welfare state. According to Alvin Finkel, "wartime sacrifices strengthened Canadians' convictions that their governments owed them guarantees of decent incomes, free medical care, and old age pensions" (2006, p.143). Citizens began to demand that the government begin implementing 'cradle-to-grave' social security programs, which were gradually delivered after 1950 (Finkel, 2006). During this period, the Canadian Pension Plan and Medicare were implemented, and there was public pressure for government to address the growing need for low-income housing more directly (Finkel, 2006). As Finkel notes, "the political climate in Canada in the late 1960s seemed to support the extension of state intervention into housing" (2006, p.234). The invitation to the provinces and municipalities to directly enter the housing realm signified that Ottawa was willing to cede jurisdictional territory to the other levels of government in this area of housing policy and ushered in an era of provincial involvement in low-income housing provision (Oberland & Fallick, 1992).

Deferred Taxation Strategies Aided by Demographic Shift Create Apartment Boom

The 1960s in Canada has been described as the "Great Apartment Boom," the largest construction boom of privately built and funded rental housing in Canada's history (Miron, 1995). Lawrence Smith has calculated that "rental apartment starts accounted for 47% of all housing starts between 1963 and 1970 and 85% of these were private non-government assisted starts" (1983, p.60). What accounts for this dramatic rise in the demand for and supply of rental apartments? This section will demonstrate that this phenomenon was driven by rapid urbanization, demographics and a favourable tax system, making rental housing an attractive investment opportunity for private developers.

Demographics played an important role in the private rental construction boom. Baby boomers, people who were born between the years of 1946-1964, particularly those born right after World War II, were entering the housing market. As Smith highlights, "annual net household formation increased by 59 percent between 1961-1966 and 1966-76 and annual net nonfamily household formation [increased] 84 percent between 1961-1966 and 1966-76" (1983, p.63). More people – especially non-married people – were looking for housing, and the increase in rental construction responded to this growing need. Thus, the 1960s witnessed a restructuring of the market serviced by the development industry. As Miron notes, "only during the Great Apartment Boom (which began in the early 1960s, peaked between 1968 and 1973, and ended abruptly thereafter) did the incidence of renting actually rise" (1995, p. 580).

The increased profitability of the rental housing market driven by the rise in middle-class demand was made even more attractive by the existing Capital Cost Allowance (CCA) program that had been introduced in 1954 (Sewell, 1994). This tax expenditure program allowed investors to claim a depreciation cost or capital cost allowance on rental buildings to create or increase a rental loss that could then be used to reduce taxable income from other sources, (Program Evaluation Division, 1988), essentially allowing rental buildings to become tax shelters. In order to ensure that this depreciation was eventually re-captured and income taxes paid, when the property was disposed of (sold or changed in use) taxes were paid on the difference between actual depreciation and what was previously claimed (Program Evaluation Division, 1988). The tax system also allowed property owners who disposed of their rental buildings to avoid taxation on recaptured depreciation if they invested in another property class, thus allowing them to further defer taxation and encouraging the continued re-investment in rental properties (Program Evaluation Division, 1988). While this complicated system may in some senses have amounted to a tax loophole, as Sewell argues, "it would not be unfair to characterize CCA as a straightforward subsidy to landlords of rental housing" (1993, p. 119). As one of the only periods of significant growth in the rental housing sector in Canada, the 'Great Apartment Boom' suggests that favourable conditions may be an important factor in developer's investment decisions with regards to rental housing.

The 'Great Apartment Boom' ended abruptly after 1973, due to a combination of economic factors and government legislation (August & Walks, 2018). The Trudeau liberal government's 1972 amendments to the Income Tax Act reduced the attractiveness of private rental housing to investors. According to the Minister of Finance at the time E.J. Benson in his budget speech on the new Income Tax Act, changes need to be made to how business and property income were treated in order “to remove some inequities in the present system” (Department of Finance, 1971, p.16). The changes included the introduction of a capital gains tax on all financial and property assets except for a primary dwelling, restrictions on the ability to apply losses from a property investment against non-real estate income, and the elimination of tax deferral so that upon the sale of a building, the depreciation value would be immediately subject to taxes (Program Evaluation Division, 1988). In a report commissioned to evaluate the effects of the federal income tax changes on the rental housing market in Canada, entitled *Economic Impact of Federal Tax Legislation on the Rental Housing Market in Canada* notes, “the changes in the Federal tax system in 1972 and subsequently have had a serious detrimental effect of the rental market because of the reduced production of private conventional rental housing” (Clayton Research Associates, 1998). Because of these changes, developers no longer had an incentive to invest in rental housing because they were no longer eligible for income tax breaks that may have been necessary or relied upon to ensure positive project performance for their rental developments (Clayton Research Associates, 1998). In addition, the restrictions placed on capital depreciation, which as previously discussed, allowed investors to create or increase a rental loss that could then be used to reduce taxable income from other sources, no longer made rental housing a tax shelter for investors.

It is important to note that much of the federal tax system that regulates rental housing is still in place today. For example, capital gains taxes do not apply to the sale of a principal residence but do apply the sale of rental properties (Government of Canada, 2019b). This means that when an investor sells their rental properties, they will pay a capital gains tax. In addition, restrictions on CCA still exist, and investors cannot use CCA to increase or produce a rental loss (Government of Canada, 2019a). However, investors can deduct their losses from their rental properties from other sources of income. Because of these factors, the federal income tax system continues to be a disincentive for investment in purpose-built rental housing.

It has been argued that another factor contributing to the decline in rental housing was the success of federal programs aimed at helping low- and moderate-income households buy homes (Selby,1985). Those households, who would have previously relied on the private rental market for housing, now responded to federal incentives to exit the rental market and purchase homes. These federal programs included the Assisted Home-Ownership Program (AHOP), the Registered Home-Ownership Savings Plan, the Canada Home-Ownership Stimulation Plan, the Canada Mortgage Renewal Plan, Home Ownership Made Easy, and the Mortgage Rate Protection Plan (Sewell, 1994). In addition, inflated land prices as well as rising construction and financing costs significantly reduced profit margins on new rental buildings, driving builders out of this market (Sewell, 1994). The dramatic rise and fall of the 'Great Apartment Boom' illustrates the fragility of the conditions that make rental housing a profitable investment. While a confluence of economic and social factors resulted in unprecedented growth, the moment the federal government's priorities shifted towards increased taxation and homeownership, the boom went bust.

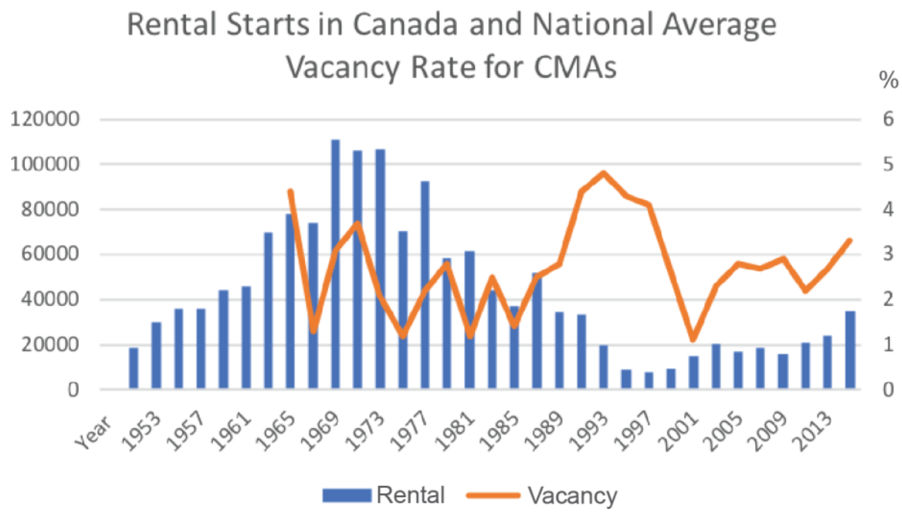

Chart 2: Total rental starts in Canada from 1951-2017 with national average vacancy rate for CMAs in Canada from 1965-2017
Data: Mendonca-Vieira, 2018, Selby 1985, Statistics Canada 1971-2017

Sewell notes that high-rise apartment towers built after WWII are "bunched together in specific locations, usually at the intersection of arterial roads" (1994, p. 60). Today, in cities such as Toronto, these areas are known as 'apartment neighbourhoods' in official land-use plans, and pose specific challenges to planners in the context of urban development. These neighbourhoods are often located in amenity deserts, lacking the municipal services, access to transit, and permissive zoning that would make them more complete communities, and as such often provide housing for low-income groups such as newcomers and seniors (City of Toronto, 2013). Further, the apartment stock built in this era is aging, and the costs to adequately maintaining these buildings can be prohibitive for landlords and municipalities (Sewell, 1994). Planners can address these challenges in a number of ways: by increasing transit services to apartment neighbourhoods, lobbying governments to financially support building maintenance, and implementing zoning amendments to allow and encourage economic development and empowerment. In recognition of the importance apartment neighbourhoods have to the overall stock of rental housing in the city, and to years of tenant advocacy, planners and community development workers at the City of Toronto, in conjunction with other private sector planning firms, are leading the way in addressing some of these issues. Initiatives such as the Tower Renewal Program, and the implementation of Residential Apartment Commercial (RAC) zoning are prime examples of community planning tools that are designed to rehabilitate apartment neighbourhoods.

Federal Programs for Financing Rental Housing

The end of the rental construction boom in 1973 and the subsequent decline in rental starts throughout the 1970s and early 1980s resulted in a dramatic decrease in rental vacancy rates across Canada (Selby, 1985). In 1971 the national vacancy rate was at 3.7%; ten years later in 1981, the vacancy rate had dropped to 1.2% (Selby, 1985). Again, the federal government sought to make investing in rental buildings more attractive for private investors through a plethora of new programs, including the Multiple Urban Residential Buildings (MURB), the Limited Dividend Program, the Assisted Rental Program (ARP), and the Canadian Rental Supply Plan (CRSP). These programs had mixed success because they continued to be contingent on decisions made by the private sector on whether to invest in the rental sector or not.

Financial Programs Aimed at Creating Affordable Rental Units

The Limited Dividend Program (1971-1975)

The Limited Dividend program, originally introduced in 1938 and subsequently modified to greater success in 1971 by the liberal government led by Pierre Trudeau, was a tool used by the federal government to stimulate the construction of private rental housing for moderate and low-income households (Program Evaluation Division, 1988). When modified in 1971, it contributed to the Great Apartment Boom through federally assisted starts until it was discontinued in 1975 (Smith, 1983). Under this program, the federal government provided loans administered through CMHC with favorable interest rates. In exchange for these favorable financing conditions, the developer's return was limited to a fixed rate, which arguably reduced its appeal to the profit motive of the development sector. The 1960s amendments removed the limitation on return and required CMHC to set rents which allowed for a reasonable return while still ensuring rents were affordable (Sewell, 1994). This program inadvertently became popular with developers who could not otherwise receive funding for their projects, and according to Sewell resulted in the "funding of projects on second-rate sites, such as those bordering industrial areas or close to railway tracks, or projects that might be a trifle too large or not attractively designed" (1994, p. 121). It is certainly debatable whether the development of second-rate sites for affordable housing represented a positive development in housing equity, but Fallis concluded that "in general the program benefitted the targeted group of low to moderate income households" (as quoted in Sewell, 1993, p. 122). The limited dividend program ran until 1975 and funded just over 38,200 units nationally, for an average 7,640 per year (Fallis et al., 1989).[4]

Assisted Rental Program (1975-1978)

The Assisted Rental Program (ARP) replaced the Limited Dividend Program in 1975, indicating the Liberal governments' commitment to financial programs aimed at stimulating the purpose-built rental market. The ARP and was implemented to "provide assistance directly to entrepreneurs to promote the construction of new, moderately priced rental housing… and to encourage Approved Lenders to make available funds to finance reasonable priced rental projects" (Program Evaluation Division, 1988, p.18). This was done by first providing grants of

[4] A breakdown of these units by province is unavailable.

up to $75 per unit per month which were eventually replaced in 1976 with a loan of up to $1200 per unit per year. These subsidies allowed landlords to maintain existing affordable market rents without jeopardizing the viability of rental projects. By the end of ARP in 1978, a total of 122,700 units had been built in Canada (or an average of 30,675 a year) at the cost of $300 million, accounting for 31% of all multi-family starts during the years 1976-1978 (Program Evaluation Division, 1988; Hulchanski, 1988a).[5] It could be argued that this program was relatively successful because rental was still an attractive investment opportunity, especially when government subsidies provided assured returns for developers.

Financial Programs Aimed at Providing Market Rate Rental Units

Multiple Urban Residential Buildings (MURB) (1974-1979, 1980)

In order to compensate for the changes to the Income Tax Act and the subsequent decrease in rental apartment starts, the Trudeau government introduced the MURB program in 1974 (Program Evaluation Division, 1988). The MURB program allowed for the relaxation of capital cost restrictions, enabling the capital cost allowance to be deducted against any income (Program Evaluation Division, 1988). This allowed for the deferral of taxes, similar to the treatment of rental properties prior to the Income Tax Act changes in 1972 that eliminated the favourable conditions that fuelled the Great Apartment Boom (Selby, 1985). In addition, the deduction of soft costs such as legal fees, marketing costs, and the costs associated with obtaining financing, could be deducted against non-rental income (Selby, 1985). The deduction of soft costs allowed developers and investors to offset the losses associated with the significant up-front costs of rental development and reduced the taxable income of investors and developers

[5] A breakdown of these units by province is unavailable.

(Selby, 1985). The MURB program ran from 1974-1979 and was re-introduced in 1980, when it ran for one more year, before ending in 1981 (Program Evaluation Division, 1988). This program, which cost the federal government billions in lost tax revenues, was ended in 1979 when the Conservative led Joe Clark government came to power. The Clark government was in power for less than a year, with Trudeau once again taking the helm in 1980. The MURB program was subsequently re-started upon Trudeau's return to power. According to the Canadian Mortgage and Housing Corporations Assessment Report of federal rental programs, 346,200 units were built at the cost of $2.4 billion in uncollected taxes, for an average of 49,457 units per year (Selby, 1985; Hulchanski, 1988a). Despite this apparent success, Dowler argued that MURBs "contributed [only] somewhat to increased rental supply in some municipalities" (1984, p. 45) because "a significant portion of MURB subsidies were paid out (particularly in tight land markets in recent years) but provided only limited impact on the supply of rental housing" (1984, 45-46). This was due to the fact that MURB buildings often replaced and demolished older existing rental units, and that a large portion of the rental units built were converted to condominium units once the tax breaks ended (Dowler, 1984). Although the demolishing of older existing rental buildings meant that many new developments were replacing rather than adding to rental stock, it could be argued that there is an inherent value in upgrading and replacing older rental housing that may have been in poor condition.

Canada Rental Supply Plan (CRSP) (1982-1984)

Introduced in 1982, this program was implemented in response to the dramatic decline in rental starts nationally from 77,327 units in 1978 to 48,329 in 1980 (Program Evaluation Division, 1988) and a decreasing national vacancy rate. CRSP provided interest free second mortgages to developers "to help bridge the gap between the first mortgage loan and the equity the builder was willing to put into the project" (Program Evaluation Division, 1988, p.27). By 1984 when the program was ended following the election of Conservative Prime Minister Brian Mulroney, 24,200 rental units were built for an average of 8,066 per year, at a cost of $61 million in total, which according to CMHC raised the national vacancy rate to 2.7% from 1.2% in 1981 when the program was initiated (Fallis et al., 1989; Sewell, 1994).[6]

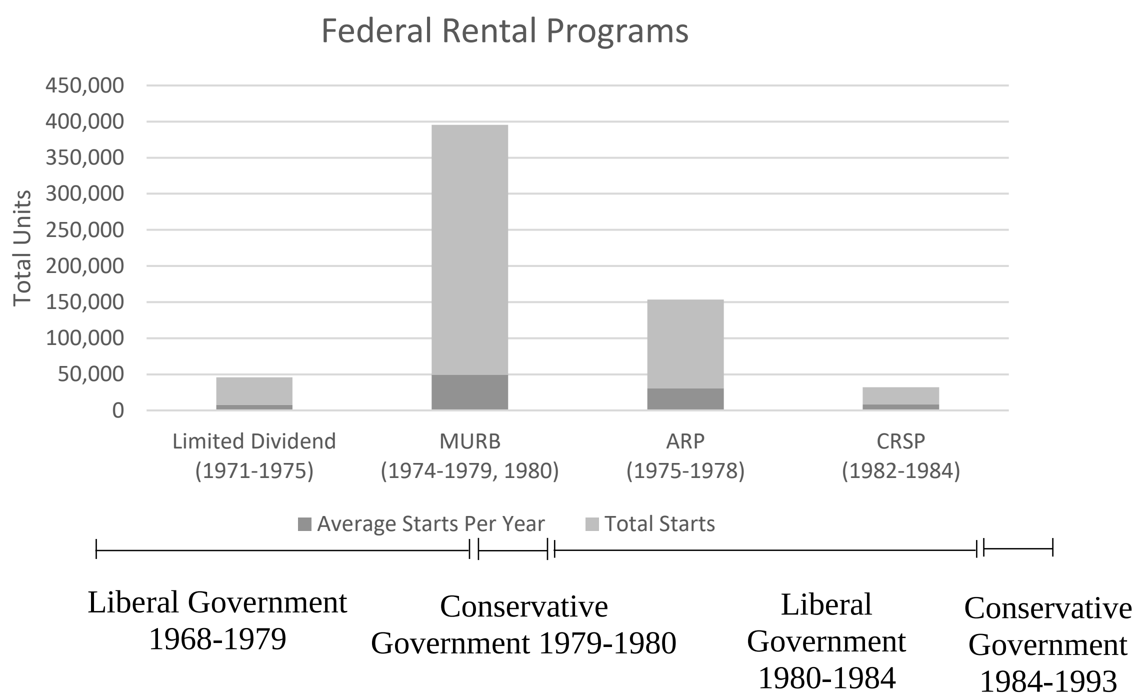

Chart 3: Purpose-built rental units created through federal monetary programs aimed at facilitating the purpose-built Rental Sector, 1968-1993 and federal political party in power during the implementation of the federal programs
Data: Fallis et al., 1989

The Federal Retreat from the Rental Market

All of these programs were conceived and implemented by the liberal government, at a time when high levels of new household formation generated rental demand, government

[6] A breakdown of these units by province is unavailable.

expenditures were growing, deficits were increasing, house prices were increasing, and escalating interest rates restrained homeownership (Pomeroy, 1998). According to Oberlander and Fallick, the Trudeau government throughout this period shifted “emphasis from long-range to short-term considerations in developing a political agenda and in devising policy and programs” (1994, p. 127). This is evident through these programs, which are short-term in scope, and were “temporary programs to meet serious, immediate problems in housing and urban affairs” (Oberlander & Fallick, 1994, p.127). The federal government’s willingness to intervene in the rental housing market would subside in the mid-1980s when the Conservative Mulroney government’s financial support for rental housing was withdrawn as a deficit-cutting measure, and all programs subsequently ended. This time period demonstrates that although both Conservative and Liberal governments believe that the private sector should be the prime delivery agent for purpose-built rental housing, the Liberal government was willing to provide financial incentives to stimulate the market, while the conservative government was not. Clearly, politics plays a central role in determining how the government approaches housing policy. This is an important lesson for anyone who wishes to advocate for investment in or policies that support rental housing. This certainly applies to the planning profession, where planners at all levels of government are beholden to the political context they find themselves in, regardless of how ardently they believe in the importance of rental housing.

As chart 3 indicates, since 1971 the MURB program was by far the most successful at stimulating the rental market, with more than 300,000 units produced under this program. This highlights the importance of having a favorable tax system for rental housing that allows for the use of rental properties as tax shelters and removes the capital gains tax on rental housing, Indeed, as Clayton Research and Associates notes, this demonstrates the “direct connection that tax provisions can have on rental housing investment flows from private investors" (1998), suggesting that tax reform may be an effective way to stimulate the purpose built rental housing market. However, this program was also the most expensive, costing the government an estimated $2 billion in lost tax revenue (Hulchanski, 1988a). It is difficult to determine the long-term success of this program, as many of these rental units could have been converted to condo tenure after the expiry of the tax incentive program (Dowler, 1984). While these programs did generate private sector development of rental units, the overall success of this approach by the federal government is debatable. Selby argues that these programs were ad hoc and short-term in nature and did not properly address Canada's systemic rental housing supply problems (1985). Similarly, CMHC, in its evaluation of federal rental programs in 1988, echoed Selby's concerns stating that "ideally, a federal response to the problem of rental housing should deal with the underlying factors rather than attempt to deal with the symptoms…any future measures related to rental housing production should be more stable, less expensive to government and better controlled than previous simulative initiatives" (1988, p.1). Although these programs did succeed in creating rental starts throughout the period, they failed to address the underlying problem – namely that building rental housing is rarely preferable to developers when other more lucrative forms of housing are in demand. As the Great Apartment Boom and subsequent more limited successes of the era demonstrate, building rental housing is only profitable under very specific conditions, and only when demand from higher income socio economic groups emerges.

The findings of the above analysis of federal rental housing programs and policies have numerous implications for land-use planning in the contemporary context. As discussed, early policies aimed at home ownership were formative in the proliferation of urban sprawl, which is a significant issue facing municipalities today. Planners must contend with maintaining infrastructure and services over vast, spread out residential areas, and with reversing the numerous negative environmental, social and health costs of this land-use pattern. At the other end of the density spectrum, The Great Apartment Boom and the proliferation of high-rise apartment towers has also presented unique challenges for planners. This aging tenure type makes up a critical portion of the rental housing stock in many Canadian cities, many of which cannot afford the social costs of letting them deteriorate, but cannot find the financial means to repair them. It has been shown that because apartment neighbourhoods are often heavily isolated, lacking access to transportation and municipal services, and over regulated, through zoning that prohibits economic development, they are often the most affordable units privately offered. As a result, they provide critical housing for low income groups such as newcomers and seniors, but fail to provide an adequate quality of life or access to opportunity for residents. When affordable housing is also inadequate housing, it is fundamentally inequitable, and it is incumbent on planners to do what they can to address that inequity. Programs like the Tower Renewal program and the implementation of RAC zoning are examples of equity-focused planning, and it is important that the planning profession continues to address remedial solutions as well as to understand the underlying conditions that lead to the development of isolated apartment neighbourhoods to avoid future inequity in the planning process.

The next section of this paper will discuss how provincial governments have sought to facilitate the purpose-built rental market. Of note, is that provincial governments have different levers than the federal government available to them, notably land-use planning tools. As well, provincial governments engage more directly in the housing field with various stakeholders, resulting in more partisan considerations, as will be discussed in the next section.

Provincial Housing Policy in Ontario

The provincial level of government is directly involved in the organization and regulation of housing markets. The provinces are constitutionally responsible for zoning, the building code, property taxation, the transportation system, land-use law, and municipal government (Constitution Act, 1867, S.92). Consequently, provincial governments constitute the heart of the housing policy network. The development industry, and other members of this policy network, can be counted on to aggressively lobby the provincial state at all levels, including the cabinet, Members of the legislature, and the public servants who manage programs (Coleman & Jacek, 1989). Because of this, provincial politicians tend to be more likely to incorporate partisan electoral considerations into the policy-making calculus (Coleman & Jacek, 1989). Because provincial politics are more fundamentally tied to housing policy, this section will present a more in-depth discussion of how political parties have influenced housing policy than is presented in the federal section of this paper. Here, free market interests can be seen to heavily influence the direction of provincial housing policy, driving it at times towards actions that facilitate profitable rather than equitable development. Free market models seek to provide housing to the most profitable tenants, while doing little to provide affordable housing for low-income socioeconomic groups, meaning that even when there is significant purpose-built rental development, it rarely provides safe, affordable housing for those who need it most (Hulchanski, 1997; Selby, 1985). We know that when low-income people are underhoused, the social and health costs are significant, with the government often picking up the tab (Advocacy Centre for Tenants Ontario, 2018).

Municipalities are directly responsible for land-use planning in Ontario, within a legislative framework prescribed by the provincial government (Ministry of Municipal Affairs and Housing, 2018). The Planning Act enables municipalities to create official plans, control and regulate land uses through zoning bylaws and minor variances, subdivide lots, and allows citizens to participate in the planning process (Ministry of Municipal Affairs and Housing, 2019). The Planning Act also empowers the province to issue the Provincial Policy Statement (PPS). The PPS is the provincial government's statement of its land use planning policies and provides policy direction for municipalities on matters of provincial interests (Ministry of Municipal Affairs and Housing, 2014). All land use planning decisions made by planning authorities in Ontario "shall be consistent with" the PPS (MMAH, 2014). The PPS requires that municipalities plan for an "appropriate range and mix of housing types and densities" and permit and facilitate "all forms of housing required to meet the social, health and well-being requirements of current and future residents" (MMAH, 2014). In addition, the PPS requires municipalities to establish and implement minimum targets for housing that is affordable to low and moderate income households, although it does not specify the tenure type required to meet housing targets (MMAH, 2014). The provincial government also issues other growth management and land use plans such as The Growth Plan for the Greater Golden Horseshoe (Growth Plan), issued under the Places to Grow Act, 2005. The Growth Plan provides a framework for growth management in the Greater Golden Horseshoe and promotes the development of complete communities. The province also creates legislative and regulatory tools that municipalities can choose to adopt and implement in order to help them achieve both municipal and provincial policy outcomes. For example, the Community Planning Permit System (CPPS) is a discretionary tool that municipalities can adopt to streamline the development approval process, by combining zoning, site plan control, and minor variance into one application. The CPPS can be used to achieve a variety of goals such as intensification, urban design, and transit-oriented development (Ministry of Municipal Affairs and Housing, 2008).

It can be seen that through its control over municipal planning, the province exercises considerable influence over settlement patterns and thus over the types of housing available in the market as well as their location. This paper does not discuss this dimension of housing policy, as its focus is on the direct involvement of the federal and Ontario governments in private housing markets. Under its constitutional powers over "property and civil rights" (s. 92(13) of the Constitution Act, 1867), the provincial government can regulate the types of housing offered in the market and the price of housing provided by the private sector, directly through rent control and indirectly through development charges.

Importantly, the provinces have an additional lever to influence housing policy – that of land-use planning, which is under the purview of provincial governments. In many instances, however, Ontario has followed the federal government's approach of stimulating the private market through financial programs. The next section of the paper discusses the main categories of direct provincial intervention in the rental market in Ontario: condominium regulation, and rent control as well as the province's financial programs. Because the provinces have different tools available to them, Ontario has tried to address the rental housing deficit largely through land-use planning policies. These policies, much like federal approaches, are continually tinkered with to respond to the state and interests of the private housing market, as well as to reflect the dominant values of the political party in power at a given time. And, much like their federal counterparts, these policies have seen limited success that is largely contingent on the profitability of rental housing development. In this section, it will be demonstrated that because land-use planning is the purview of provincial governments, planners have a much larger role to play at the provincial and municipal level than they do at the federal level. Planners are responsible for crafting land-use policies at the province and are able to exert much more influence over the housing market.

A Vastly Profitable New Type of Homeownership

Condominiums legally separate land ownership from home ownership, allowing an individual “to own a dwelling unit without exclusive ownership of the land on which the structure and its surroundings is built” (Hulchanski, 1988b, p.140). In addition to owning the dwelling unit, an individual also owns a proportionate amount of the common spaces such as sidewalks, driveways, elevators, and facilities (Hulchanski, 1988b).

Ontario’s 1968 Condominium Act, introduced by the conservative led provincial government, allowed owners of multi-story buildings to sell individual units as private homes. The Act was introduced in “as an innovative attempt to foster home ownership for moderate-income families” (Ontario Housing Corporation, 1984, p.29). Many of these moderate-income families were living in rental housing, and the provincial government wanted to promote homeownership as the desirable tenure form (OHC, 1984). However, private sector interest in developing condos was extremely limited as “private developers and lenders were wary of the concept, believing that families might be reluctant to purchase what, in some cases, amounted to a hole in the sky” (OHC, 1984, p.29). In order to stimulate the condo market, the Ontario Housing Corporation (OHC), the provincial housing agency responsible for social housing, financed condominium development (OHC, 1984). The OHC provided loans, and later first and second mortgages, to developers willing to build condo developments. To incentivize the creation of these units, the provincial government agreed to buy back any units which were unsold six months after building completions. By 1970, the OHC was the largest lender of mortgage money for condominium development in Canada, with an estimated $197 million spent on condominium mortgages, and by 1974 had financed approximately 15,000 condos across Ontario (OHC, 1984).

The Condominium Act, coupled with the changes to the Income Act, made condominium investment significantly more attractive to developers. According to Hulchanski,

> The rapid growth in the construction of rental apartments gave away by the mid-1970s to the more profitable development and marketing of condominiums. By the later 1970s virtually all large development firms left the rental sector and most even sold their rental projects, because a much greater and often quicker return on investment could be obtained outside the rental sector (1988a, 13).

Clearly, condos have contributed to the decline in purpose built rental because they are a more attractive investment for developers. Developers can pre-sell condo units before construction begins, resulting in a cash flow that can be used to help finance the development (Hulchanski, 1988a). In addition, once condo units have been sold, it is no longer the responsibility of the developer to maintain those units. As Hulchanski notes, “the very nature of condominium development and ownership means that the builder is free of any long-term responsibility for the project once the units are sold” (1988b, p. 142). With purpose-built rental buildings, the development does not generate revenue until it is complete, and tenants begin paying rent. Landlords are responsible for the upkeep and maintenance of a building, further adding to the cost of rental buildings. In addition, landlords must deal with tenants and tenant issues, which is an added layer of responsibility that may be a disincentive to developers. Whereas rental buildings may be steady long-term investments, condo projects provide sizeable short-term returns, especially given the current prices that homes are demanding, making them a more attractive investment opportunity.

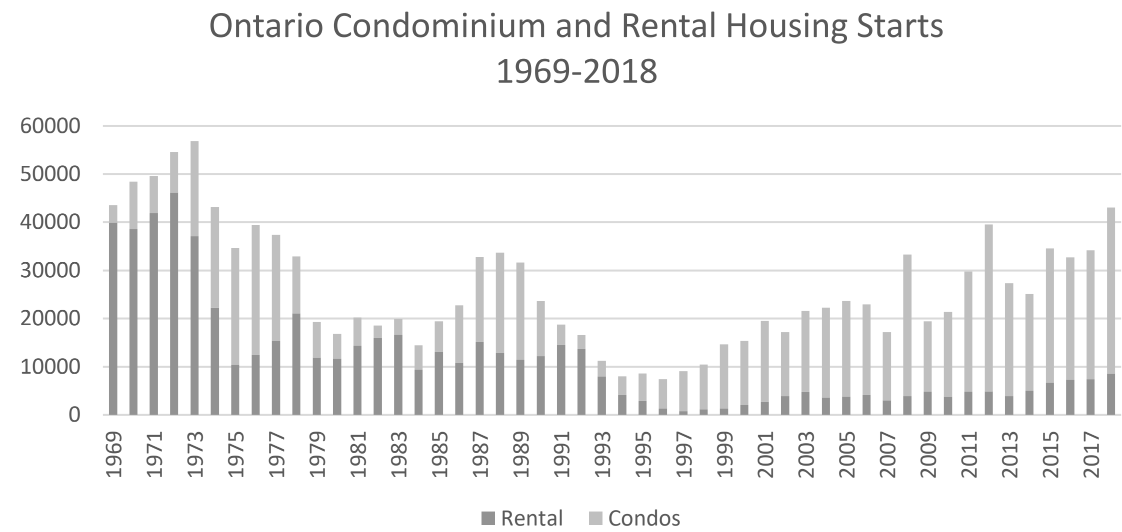

Chart 4: Total condominium and purpose-built rental starts in Ontario, 1969-2018
Data: Mendonca-Vieira, P, 2018, CMHC, 2017-2018

With the success of the condo industry supplanting any significant investment in the rental market, it is important to consider which socio-economic group this tenure type caters to. Those “moderate income” earners that were targeted by the OHC formed the initial demand for condo development, while the housing needs of low-income groups fell further outside the purview of private sector housing development.

Evidently, this program was successful in that it stimulated private interest in what has now become a burgeoning condo market with 62,308 condos under construction in 2018 in comparison to the 17,350 condos under construction in 1990, due to this form of development being attractive investment for developers (CMHC, 1990-2018). The loans, and later first and second mortgages as incentives were abandoned in 1974, but the market has viewed condominium ownership types to be profitable. This policy and what it stimulated in the private market highlights the continued preference for homeownership over provision of rental housing by governments, developers, and consumers and heralded the beginning of the condo boom that continues to this day.

Privately Owned Condominiums are the new "Apartment" Unit Rental Type

While condominiums may have negatively affected the purpose-built rental sector, they play an important role in the secondary rental market.[7] In Canada, more than 53% of renters live in secondary market units (Canadian Mortgage and Housing Corporation, 2016). The same holds true in Toronto, where more renters live in the secondary rental market than in the primary market, and almost 18% of those in the secondary market live in condo rental units (Canadian Centre of Economic Analysis, 2019). Between 2006 and 2016, the number of condos being rented out in Toronto grew by almost 60,000 units. Indeed, according to Rosen and Walks, "condos have filled the lack in new purpose-built rental housing construction," especially in metropolitan areas such as Toronto (2014, p.301). In 1998, the Conservative government led by Mike Harris introduced the Fair Municipal Finance Act. This Act stipulated that units registered as condominium units must be taxed at the same rate as ownership housing, even if the condominium unit was going to be used for rental purposes (Housing Supply Action Group, 2001). This has resulted in buildings with registered condominium units having lower property taxes than purpose-built rental units. This favorable property tax treatment may incentivize investment in condo units, which can then be rented out, rather than investment in or purchase of purpose-built rental building, which is often taxed at commercial rates at the discretion of municipalities (Housing Supply Action Group, 2001).

Although the secondary rental market plays an important role in the rental landscape within Ontario, this market is less secure for tenants. Tenants can be evicted by landlords under the own-use provision[8] and rented condominium units can revert back to ownership housing,

[7] The secondary rental market includes all rentals except for purpose-built rental buildings with three or more units.
[8] This law allows a landlord to terminate a tenancy if the unit is to be inhabited by the landlord, their family, or anyone providing care services to the landlord or their family (Landlord and Tenant Board, 2018).

eliminating a unit from the rental market (Canadian Centre of Economic Analysis, 2019, p.31). With this being said, governments are increasingly relying on the secondary market to provide housing. In the last seven years, only 5,500 units of 100,000 residential units built were for the primary rental market in Toronto (Canadian Centre of Economic Analysis, 2019, p.32). Clearly, the secondary rental market has become an essential component of the rental market in the absence of investment in purpose built rental. While it is certainly fulfilling a need for renters, it is a less secure and therefore arguably a less desirable tenure type, and not one that governments should rely on as a long-term solution.

The introduction and subsequent unparalleled success of condominium tenure has drastically altered the housing landscape and has had a significant impact on the planning profession. Condominium development is high density development, that allows a significant amount of people to be housed on what may be a relatively small parcel of land. When an area experiences a dramatic increase in population due to condo development, the existing services and infrastructure may not be able to handle the influx of new residents. Planners must ensure that the appropriate level of servicing is provided to support development and incoming residents. As this paper will discuss, one way in which planners attempt to do this is through development charges and requiring that developers help fund the infrastructure needed for their development. Condominium development has also played an important role in changing land-use patterns. Because they can house a significant amount of people in a relatively small area, condos have contributed to more compact development that uses less land to house more people. As discussed, the current provincial land use plans in Ontario promote this type of development.

Because the market has failed to provide an adequate supply of rental housing, in part due to the preference of developers to build condos over purpose-built rental and the long-standing preference for homeownership, rents have become increasingly expensive as demand for rental housing outpaces supply. As this next section will discuss, the provincial government has sought to control dramatic rent increases through rent control policies.

Shift to Protection of Current Tenants Rather than Increasing Supply of Rental Housing

Rent Control to Protect Tenants in Failed Affordable Rental Housing Markets

Rent control, in some form or the other, is a typical political response to the failure of markets to provide adequate supplies of affordable rental housing (Hulchanski, 1997). Rent controls place limits on the amount that landlords can increase rents each year, which is designed to protect tenants from dramatic rent hikes (Sewell, 1994). Rent control was first implemented in Canada during the Second World War by the federal government (Sewell, 1994). In 1950, the federal government asked the provinces to assume responsibility for rent control, and by 1951 the federal government was no longer involved in rent regulation (Sewell, 1994). In Ontario, some form of rent control has been in place since 1975 (Sewell, 1994).

The impact of rent control on private sector investment in rental housing is a much-debated subject. Many economists argue that rent controls drive investors out of this market as they can no longer charge the rents necessary to recoup their costs (Smith, 1991). The result is a decline in new construction of purpose-built rental housing and decreasing vacancy rates (Smith, 1991; Downs, 1988). A variation on this argument posits that even when rents are set at levels high enough to enable the developer to reap a profit, the fact that rates are now subject to political considerations creates enough uncertainty to discourage new investment (Sewell, 1994). Given that provincial elections occur every four years, changes to rent control legislation can arguably occur with every election cycle, making purpose-built rental, which only sees return to the investor over the long-term, much less attractive. This critical view of rent control, which not surprisingly is popular among landlords, has been concisely summarized by their lobby group the Fair Rental Policy Organization: “rent controls do not increase supply” (As quoted in Sewell, 1994, p.204). Critics of rent control in this vein point to correlations between the imposing of controls and the drop in new rental starts. For example, Smith argues that the imposing of rental controls in 1975 was responsible for the drop in unassisted rental starts from over 30,000 units in 1972 to just under 7,000 units in 1978 (Smith, 1991).

However, others are wary of this simplistic explanation, arguing instead that a multitude of factors contributed to the decline in rental starts in 1975 (Sewell, 1994; Thom, 1987, and Clayton, 1984). These include changes to the Income Tax Act, rising interest rates, increasing building costs, slower household formation rates, and an overabundance of rental supply previously built in the late 60s and early 70s (Sewell, 1994; Thom, 1987). Under this view, rent control was one factor that combined with many other variables to render investment in rental housing less attractive.

Rent controls were introduced in Ontario after the governing Conservatives lost their majority in the 1975 provincial election (Saywell, 1976). The opposition NDP, under its dynamic leader Stephen Lewis, skillfully responded to tenant anxiety during the election campaign, forcing the Conservatives to respond (Saywell, 1976). In the words of one seasoned observer of Ontario politics, “Premier Davis paid the Lewis campaign the compliment of responding with promises of rent review boards with powers that seemed to increase almost daily” (Saywell, 1976, p.141). Once re-elected, the Davis government introduced the Residential Premises Rent Review Act, 1975, which established the basic regulatory framework which has survived generations of legislative adjustments (TVO, 2017).

The Davis government introduced a cost-pass through system, which allowed the landlord to increase the rent once every 12-months by a set percentage (Smith, 1988). In 1975, the permitted increase was set at 8% (Smith, 1988). If this set increase was insufficient in allowing landlords to recover their costs, then a formal rent review hearing was conducted by an arm's-length adjudicative board to determine if a rent increase was permitted (Smith, 1988). The hearing would also determine the percentage of the rent increase permitted.

In summation, the major elements in Ontario's rent control program include: prescribed ceilings on rent increases, but accompanied by a formula for determining whether exceptions could be permitted; and an arm's-length tribunal for adjudicating applications and disputes arising under the terms of the legislation.

Until recently, the major policy changes introduced since 1975 suggested that governments had accepted the view popular with the development industry and landlord lobby, that rent controls inhibit investment. In 1992 the NDP government under Bob Rae implemented a five-year rent control exemption for new units built after 1991. This was done to "encourage developers to build new apartment buildings after years of construction drought" (McFarland, 2017). As discussed, developers had turned away from rental construction and towards condominium development, resulting in vacancy rates of less than 2% in cities such as Toronto, Ottawa, and Hamilton (Smith, 2003). The exemption was meant to stimulate new rental supply and drive down vacancy rates (Cohn, 2017). This concession to the development industry, coming from a left leaning NDP government, was understandably controversial.

In 1996, the Conservative government led by Mike Harris made this exemption permanent, and eliminated vacancy rent control (TVO, 2017). This change was significant in that it removed the ceiling on how much landlords could charge for units when they became vacant.

As Premier Harris noted in an interview in 1995, “we want to see what we can do to make sure we can get the private sector back building and competing, which all around the world has provided more choices, more opportunities, better housing and a better price” (Vinneau, 1995). Clearly, as the following chart illustrates, the removal of rent control did not have the effect that the Harris government intended, which suggests that other factors than rent control were contributing to the decline of rental starts throughout the 1990s, such as the economic recession that took hold during this period.

This policy towards rent control continued for the next two decades, until 2017 when the Liberal government under Premier Kathleen Wynne extended rent control to cover buildings built after 1991 (Rental Fairness Act, 2017). The Rental Fairness Act, 2017 expanded rent control to all rental units, removed above-guideline rent increases for utilities, and continued to allow landlords to determine rent levels when a unit became vacant. The policy goal was to strengthen the protection of tenants against dramatic rent increases and ensure that units stayed affordable (Office of the Premier, 2017). This reversal in policy direction, introduced a few months before an election by a government that was struggling in the polls, provoked a predictable response. Opposition MPPs argued that the Liberal government, about to enter a campaign in which housing affordability was likely to be an issue, had expanded rent controls to appease voters (Kalinowski, 2018). In the words of Peter Tabuns, the NDP MPP for Toronto-Danforth:

> Their polling numbers are in the basement. They’re in a crisis. They want to do something dramatic, they think this will work, so they are acting on it. (Benzie, 2017)

In November 2018, the newly elected Conservative government led by Doug Ford removed rent controls on buildings built after November 15th, 2018 as well as for units occupied for the first time after this date. Like the Harris government in the 90s, this policy change by the Ford government was ostensibly made in order to stimulate the supply of rental housing. As a press release by the government notes, the removal of rent controls "will help create market-based incentives for supply growth that will encourage an increase in housing supply to meet the needs of the people of Ontario." (LaurenPelley, 2018). Once again, this rent control reversal by a new provincial government highlights how partisan rent control provisions have become in Ontario. It remains to be seen whether this policy change is successful in stimulating investment in the purpose-built rental market, but it can be said with relative certainty that it will do little to quell the rise of rents in the province at a time when affordable housing is so badly needed.

Rent control is exemplary of the varying responses to the problem of unmet need in rental housing. Put in place initially to protect tenants from unaffordable rent increases, it has subsequently been adjusted, removed, and revamped by successive provincial governments who have seen it as a barrier to private investment in purpose-built rental. Because it is an issue that tends to galvanize tenants, landlords, and developers and pit them against each other, it has become inherently partisan, and is often used as both a scapegoat or a talisman by political parties to garner support from these groups. However, this section has shown that it is debatable whether rent control is a significant impediment to the creation of rental starts. What can be said is that in the context of Ontario's chronically unhealthy rental market, reductions in rent control have resulted in less protections for tenants while failing to significantly increase rental housing starts. Rent control falls largely outside the purview of planners as it is implemented by provincial governments. However, insofar as rent control incentivizes or disincentivizes investment in purpose-built rental housing, it does have implications for what types of housing get built, and as such the tenure types planners have to work with.

Provincial Programs for Financing Rental Housing

Similar to federal polices, the typical response by the Ontario government to low vacancy rates and the anemic supply of rental units to the market has been a string of financial programs aimed at supporting the private rental market. Like the federal government, Ontario extended finance capital to the primary delivery agent, the private sector. In addition, both federal and provincial programs required developers to market affordable units as a condition for receiving financial support. These programs achieved limited success, as successive provincial governments struggled to create favourable conditions for private sector investment in purpose-built rental while seeking to provide for low-income socio-economic groups. While these programs represent more of a hybrid public-private approach to rental housing provision, as they were administered by the Ontario Housing Corporation (OHC), their success was dictated by the market and relied on buy-in from the private sector. In 1991, the recently elected NDP government shifted the province's housing programs away from private sector development, effectively ending this era of provincial investment in the private market (Ministry of Housing, 1992).

Financial Programs Aimed at Creating Affordable Rental Units

Private Assisted Rental Program (1976-1985)

This program was introduced in 1976 "to encourage greater private sector participation in providing rent geared-to-income accommodation" (Ontario Housing Corporation, 1977, p.23). Unlike other programs, where the province provided favorable financing, developers were responsible for their own financing, and entered into agreements with the province which guaranteed that up to 100% of the rental units would be brought into the rent supplement program (Ontario Housing Corporation, 1977). The rent supplement program was administered by the province’s public housing corporation, the Ontario Housing Corporation. The province was required to pay the difference between tenants’ rent-geared to income ~~a~~nd market rents, ensuring that these projects were feasible for the developers. This program concluded in 1985; it was aimed at stimulating the building of seniors, students, and family sized housing units as well as more typical 1- and 2-bedroom units, but explicit data on the number of housing starts created or amount of investment stimulated is unavailable.

Community Integrated Housing Program (1973-1976)

The Community Integrated Housing Program (or CIHP) was introduced in 1973 “to stimulate participation by the building industry to provide additional stock of rental housing” (Ontario Housing Corporation, 1974, p.18). Through the program, the province provided mortgage financing for second mortgages at below market rates for purpose-built rental buildings (Housing Supply Working Group, 2001). In exchange for favorable financing terms, the developers provided 25% of the units to the provincial rent supplement program. By 1976, the final year of the program, 2,500 units had been built under this program, for a total of 625 starts per year (Ontario Housing Corporation, 1974-1976).

Accelerated Rental Housing Program (1974-1978)

This joint federal and provincial program introduced in 1974, was designed to encourage the supply of rental housing for low- and moderate-income households in areas with vacancy rates of less than 2% such as Toronto, Hamilton, Oakville, Oshawa and Thunder Bay (Ontario Housing Corporation, 1975). This program provided first time mortgage financing of up to 95% of project costs with a 50-year amortization period (Housing Supply Working Group, 2001). The program also provided preferred interest rates; for example, in 1974 it offered interests rates of 8% in comparison to the 12% interest rates being charged by lending institutions (Ontario

Housing Corporation, 1975). In exchange for these favorable lending terms, the borrowers "agreed to a limited rate of return and an upper limit on rents for a 15-year period" (Ontario Housing Corporation, 1975, p.34). In 1974 the province had provided 17 loans under this program resulting in 3,647 units. By the time this program ended in 1978, it had provided $27 million in mortgage commitments in Ontario (Ontario Housing Corporation, 1979).

Financial Programs Aimed at Providing Market Rate Rental Units

Ontario Rental Construction Loan (1981-1984)

In response to increasingly low vacancy rates in the early 1980s, the province implemented the Ontario Rental Construction Loan program, which offered interest free second mortgage loans of $4,200-$6,000 per rental unit. These loans were interest-free for 25-years and required that the principal be paid off in years 16 to 25. This program was designed to make rental projects that are often unprofitable during the first few years of operation an attractive investment opportunity for developers. The program goal was to stimulate the private construction of 15,000 rental units in Ontario (Ontario Housing Corporation, 1981) and generated a total of 14,540 starts, or 3,613 starts a year, at the cost of $75 million dollars (Housing Supply Working Group, 2001).

Renterprise (1985-1987)

Introduced in 1985 by a newly elected Liberal government, Renterprise provided second mortgage loans that were interest and payment free for the first 15 years to developers in order to stimulate the construction of rental housing (Housing Supply Working Group, 2001). Renterprise was intended to produce 5,000 assisted rental units for the years 1986-1987, "while the unassisted rental market recovered" (Curling, 1985, p.11). However, this goal was not met as only 2,176 starts, or an average of 725 a year, were produced at a cost of $15.4 million (Housing Supply Working Group, 2001).

Convert-to-Rent, (1983-1981)

The Convert-to-Rent (C-T-R) program was implemented in 1983 in order to encourage the conversion of non-residential buildings into purpose built rental buildings. The C-T-R program provided fifteen-year interest free loans of up to $7,000 a unit to encourage four types of conversion:

1. Conversions of non-residential properties to self-contained rental accommodations
2. Conversions that create non-self-contained units
3. Creation of rental apartments in single dwelling homes
4. Creation of accessible units (Crespard/Barnard, 1988)

As a condition of the loan, the unit created would have to remain a rental unit for the loan period and be rented at levels comparable to moderate-priced units within the proposed project's market area (Crespard/Barnard, 1988). Most of the rental units built were conversions of non-residential buildings to residential buildings. Of note is that 51% of the total units were built in small cities with populations of less than 20,000 (Crespard/Barnard, 1988). This has been attributed to the higher land and construction prices in larger centres in comparison to small centres, where there is significantly less competition for sites with conversion potential (Crespard/Barnard, 1988). In addition, builders in larger centres were confronted with more restrictive zoning regimes. For more mid-size municipalities such as London, Kitchener, St. Catherines and Windsor, C-T-R was responsible for 17-40% of its rental production (Crespard/Barnard, 1988). The program was least effective in Ontario's largest municipalities which accounted for less than 6% of rental production (Crespard/Barnard, 1988).

By 1986, the C-T-R program produced almost 6,000 rental units, and produced another 2,000 units by 1991 when the program ended, for an average of 1,000 units a year

(Crespard/Barnard, 1988).[9] The C-T-R program was continued under three different governments because of its emphasis on creating more rental units within existing buildings and promoting residential intensification, a desirable policy goal under both the Liberal and NDP governments (Ministry of Housing, 1989). In addition, creating units within an existing building is generally less expensive than building new buildings, and the units created were more affordable for tenants, making this an appealing program for governments to continue.

The majority of provincial programs were implemented to incentivize the private sector to provide more affordable rental units. While these programs did succeed in producing rental units, they produced less rental units than the federal programs. However, comparison between the two programs success in the Ontario context is difficult given that there is not a breakdown available of how many of the federally funded and subsidized rental units were built in Ontario. In addition, it is difficult to determine the long-term success of some of these programs, specifically those aimed at creating more affordable rental units, as many of them were subsidized by the provincial government, which were subsequently ended during the 1990s. It is important to note, that unlike the federal programs, the provincial programs were in fact ended under a left-leaning NDP government, which will be discussed further in the following section.

Changing Provincial Governments Response to the Rental Housing Market

As this next section will discuss, successive provincial governments have taken different approaches to facilitating the purpose-built rental market. Each government has adopted and tinkered with various levers, according to their political beliefs, often ending programs and policies when a new government is elected. This is particularly obvious during the Harris era,

[9] The C-T-R program does not appear in any other Ministry of Housing/Ministry of Municipal Affairs document or annual report after 1991.

when the conservative government ended the NDP's non-profit housing program. Given the four-year election cycle, this can result in a volatile market for rental development, which unlike condo or home development, is a significant long-term investment.

The Move Towards the Non-Profit Sector

In 1992 the NDP government released *Consultation Counts: Taking Action on a Housing Framework for Ontario*, signaling a major shift in housing policy (Ministry of Housing, 1992). Henceforward the government would "direct government expenditures for housing supply on community-based not-for-profit organizations" (Ministry of Housing, 1992, p. 6). No longer would the focus be on financing private sector rental housing; instead, the province would directly subsidize the non-profit housing sector, to supply affordable rental housing. The annual reports from the Ministry of Housing after the release of the *Consultation Counts* document show significant government spending on non-profit housing development and in the non-profit sector, such as a 1993 commitment to support 20,000 new non-profit units and award almost $4 million in grants to organizations that work within the affordable housing sector (Ministry of Housing, 1993). Unlike its predecessors, the NDP government did not introduce programs expanding the financial capital accessible to the development industry (Ministry of Housing, 1993).

During the NDP's tenure, from 1990 to 1995, total private rental starts in Ontario dropped significantly, from 14,519 to 2,884 in 1995.[10] This may be in part due to the NDP policy shift away from private assisted rental and towards investment in the non-profit sector. Alternatively, it may reflect changing market conditions, as Ontario was afflicted with a severe

[10] See Chart 4

recession in the early 1990s, which did not lift until 1994. It is important to note that much of the investment in the non-profit sector that was promised by the NDP was cancelled when they lost the 1995 election to the Harris-led Conservatives.

The Neo-liberal Turn under the Conservatives

The Conservative government elected in 1995 did not revert to the policy style of the pre-NDP era, by re-introducing programs expanding the private sector's access to capital. Soon after winning office, the Conservatives terminated the NDP's non-profit programs (Housing Supply Working Group, 2001). To replace them, the government adopted a neo-liberal policy of amending legislation perceived to be impeding rental development by private industry (Housing Supply Working Group, 2001). Regulations were introduced under The Fair Municipal Finance Act, 1998 to encourage rental housing by allowing municipalities to reduce taxes on multi-residential housing to be near or equal the tax rate on ownership housing (Housing Supply Working Group, 2001). While the legislation is in place to support equal property tax treatment, multi-residential buildings are generally taxed by municipalities at a significantly higher rate than homeowners or condominium owners. In fact, there are only 10 municipalities in Ontario that tax apartment buildings at the same rate as houses and condominiums (Federation of Rental-housing Providers of Ontario, 2015). These higher property taxes are typically passed onto the tenant through their monthly rent prices, and in 2015 it was estimated that tenants in a two-bedroom apartment are charged an additional $85 a month to cover property taxes (Federation of Rental-housing Providers of Ontario, 2015). The City of Toronto, which is currently experiencing extremely low vacancy rates and some of the most expensive rents in the country, has adopted an equal property tax rate for new multi-residential development and for residential housing, in order to encourage investment in purpose-built rental housing. However, the property tax rate for existing multi-residential buildings is almost double the property tax rate for new multi-residential developments, highlighting the inequitable tax treatment of rental housing over homeownership, and the continual preference of governments for this tenure type. This is another instance, similar to the federal restriction of rental housing developments as tax shelters, where tax reform could create more favourable conditions for investment in purpose-built rental housing.

The Conservative government also allowed municipalities to create a new property tax class specifically for new rental buildings, reducing property tax fees for up to eight years (Housing Supply Working Group, 2001). In 1999, the Ontario Building Code was amended to encourage the development of single room occupancy rental units, and a $2000 grant was implemented to "offset the impact of the Provincial Sales Tax on affordable rental unit construction" in the fall of 1999 (Housing Supply Working Group, 2001, p.29). As table 1 indicates, rental starts dropped significantly during the Harris years, but did increase slightly in 1998 and 1999, when the majority of these initiatives were implemented. The Harris governments knee jerk reversion to free market tactics after a brief sojourn into public housing by the previous government echoes the post-WWII federal reaction to wartime housing policies. This serves to further illustrate the predisposition of Canadian housing policy to favour the private sector as the primary delivery agent for rental housing.

The Turn Towards Growth Management and Intensification

The McGuinty-led Liberal government came into power in 2003. Rental housing starts rose slightly during this era, but remained relatively low, with less than 5,000 units being built annually (Advocacy Centre for Tenants Ontario, 2018). However, it doesn't appear that the government enacted any major programs that were aimed at facilitating the private rental market.

The government did however tweak land use planning documents such as the Development Charges Act, which added more services that the municipalities could charge for, increasing costs for developers (Rosen and Walks, 2014). Development charges add an additional cost to development. The charges will be passed on to the consumer by the developer if it calculates the market can bear the added cost (Association of Municipalities of Ontario, 2019). Typically, development charges represent 5-7% of the cost of a new home (Association of Municipalities of Ontario, 2019). Development charges can make purpose-built rental unfeasible or less attractive as an investment, as developers can only charge the rents that the market will allow. These may not be high enough to cover development costs. This is especially true for developers looking to build small purpose-built rental buildings such as triplexes and quadplexes. These developments have fewer units and bring in less rental income than larger rental developments.

The government also implemented the Places to Grow Act, 2005 and the Growth Plan for the Greater Golden Horseshoe, which was introduced to stop sprawl and protect sensitive environments in the Greater Golden Horseshoe. The Growth Plan encouraged growth to happen upwards rather than outwards, which resulted in condos becoming an even more profitable tenure type for private investors, as this tenure type is particularly effective at introducing high density (Rosen and Walks, 2014). This boost to the condo sector, as this paper has demonstrated, had a negative effect on the purpose-built rental sector by further diverting investment towards condo development (Rosen and Walks, 2014). Throughout the McGuinty and Wynne Liberal era, the lack of adequate rental and affordable housing grew, even as the condo boom continued, contributing to the rental housing crisis Ontario finds itself in today. In an attempt to respond to this crisis through land-use planning policy, the Wynne government altered the legislative and regulatory framework in order to allow municipalities to achieve provincial policy outcomes articulated in the PPS, specifically related to providing affordable housing types. An example of this is the Wynne government altering the Planning Act in 2018 to allow municipalities to adopt Inclusionary Zoning (IZ) policies. IZ is a planning tool that allows municipalities to require developers to build affordable rental units within their residential developments that contain ten units or more (Ministry of Municipal Affairs and Housing, 2018b). IZ forces developers to provide affordable housing units when they would otherwise not, altering the system so that providing affordable units is now part of the cost of doing business in Ontario. IZ policies have yet to be adopted by any municipality in Ontario, but the City of Toronto is currently undertaking the background analysis needed to implement IZ policies (City of Toronto, 2018). The implementation of IZ policies is an onerous process, requiring municipalities to first undertake an assessment report, which analyzes supply and demand for housing within that municipality, as well as understand the potential effects that IZ policies will have on the housing market. This assessment report informs official plan policies that must be adopted to allow for and guide the implementation of IZ. The assessment report must be updated five years after official plan policies come into effect, and every five years thereafter. In addition to the assessment reports and official plan policies, the municipality's zoning by-law must be updated to implement the official plan's IZ policies. Municipalities with limited capacity, or municipalities that are not currently experiencing a large amount of condominium development, may not wish to implement IZ policies. While provincial planners and policy makers were responsible for the development of IZ policies and regulations, provincial planners are limited in their ability to implement planning policies at the municipal level. The complexities of implementing and maintaining IZ policies may explain why no municipalities have adopted such policies to date, and only sizable municipalities such as the City of Toronto are undertaking the work to implement IZ at all.

As this section has shown, Ontario's government response to facilitating the purpose-built rental sector has changed with each new government. Each government's approach is largely emblematic of their political views. The left-leaning NDP government focused spending on non-profit housing, while the subsequent Conservative government ended government expenditures on non-profit housing instead altering legislation that they deemed to be impeding development. The Liberal government that supplanted the Conservatives implemented a new land-use policy system that moved away from the urban sprawl that had flourished under the Conservative government and towards intensification, fuelling condo development. As charts 4 through 6 highlight, none of these approaches brought about investment in rental housing, with rental starts consistently under 10,000 each year. Indeed, it is likely that the constant policy changes and shifting government priorities brought uncertainty to the rental market, which may have impacted investor confidence, given that returns on investment in the rental housing market often take a long time to be realize

Conclusion

This paper has presented a sweeping overview of Canada's federal and Ontario's provincial housing policies, focusing largely on the latter half of the 20th century, when the central thrust of these policies was to stimulate private investment in purpose-built rental housing. Understanding rental housing to be critical to the provision of adequate housing for Canadians who can't afford or choose not to enter into the home ownership market, it has been shown that the Canadian federal and Ontario provincial governments have by-and-large failed to stimulate the private sector to provide this non-ownership tenure type in sufficient quantities as evidenced by the current rental housing crisis that Ontario is in today, with an unhealthy vacancy rate of 1.8% in 2018, and rents increasing well beyond inflation, by 4.9% from 2017 (CMHC, 2018). The reason for this failure is that at its most basic level, rental housing is fundamentally a less attractive investment than condo and single dwelling developments, as it does not provide the quick return on investment that the private sector is often looking for.[11] In Canada's market-based economy, where private sector investment decisions are focused on profitability over other factors, developers will always invest in the development that will generate the most returns, resulting in a systemic lack of investment in less immediately profitable purpose built-rental housing, resulting in the current rental crisis facing Ontario.

This paper has shown that the preferred strategy of both the federal and Ontario provincial governments attempt to expand rental housing stock, has been to stimulate private investment in purpose-built rental by making it more profitable. At both levels of government, the primary tool used to achieve this end has been the extension of different financial incentives

[11] In this case, a quick return on investment for condominium development can be anywhere from 5-10 years, whereas rental housing is a 20-25 year investment.

to developers. It is important to note that their constitutional powers afford them different levers to achieve this goal, and as such the history of their efforts differs. At the federal level, programs have been centred around various approaches, including providing access to capital to developers, implementing tax breaks and incentives, and providing rent supplements to landlords. As chart 3 demonstrates, the most successful program of all those discussed in this paper was the MURB program, which provided significant tax breaks to developers and landlords. It's important to note that this was also the most expensive government program discussed in this paper, costing the government $2 billion during its six-year tenure, and one that was immediately eliminated when the Conservative Clark government replaced the Liberal government of Pierre Trudeau. The next most successful program was the ARP program that provided rent supplements to landlords to make investment in purpose-built rental more attractive while ensuring that rents were affordable for tenants. It is clear from this chart that both federal and Ontario provincial programs that provided access to capital for developers were not as successful as MURB or ARP at incentivizing purpose-built rental. Both the provincial and federal governments implemented financial programs aimed at creating more affordable rental units. As table 2 highlights however, federal and provincial programs were much more successful at creating market units rather than affordable units. What can be gleaned from the relative failure of capital programs at both levels is that in the absence of favourable conditions for investment in purpose-built rental, access to capital is not the issue. What this suggests is that it doesn't matter whether developers are getting money from the government at a favourable rate or from a private financial institution at a less favourable rate – if there's not enough money to be made in the short-term, or if the investment is deemed to be too risky given the level of uncertainty in the rental market by the constant and ever changing government intervention, then it will not proceed.

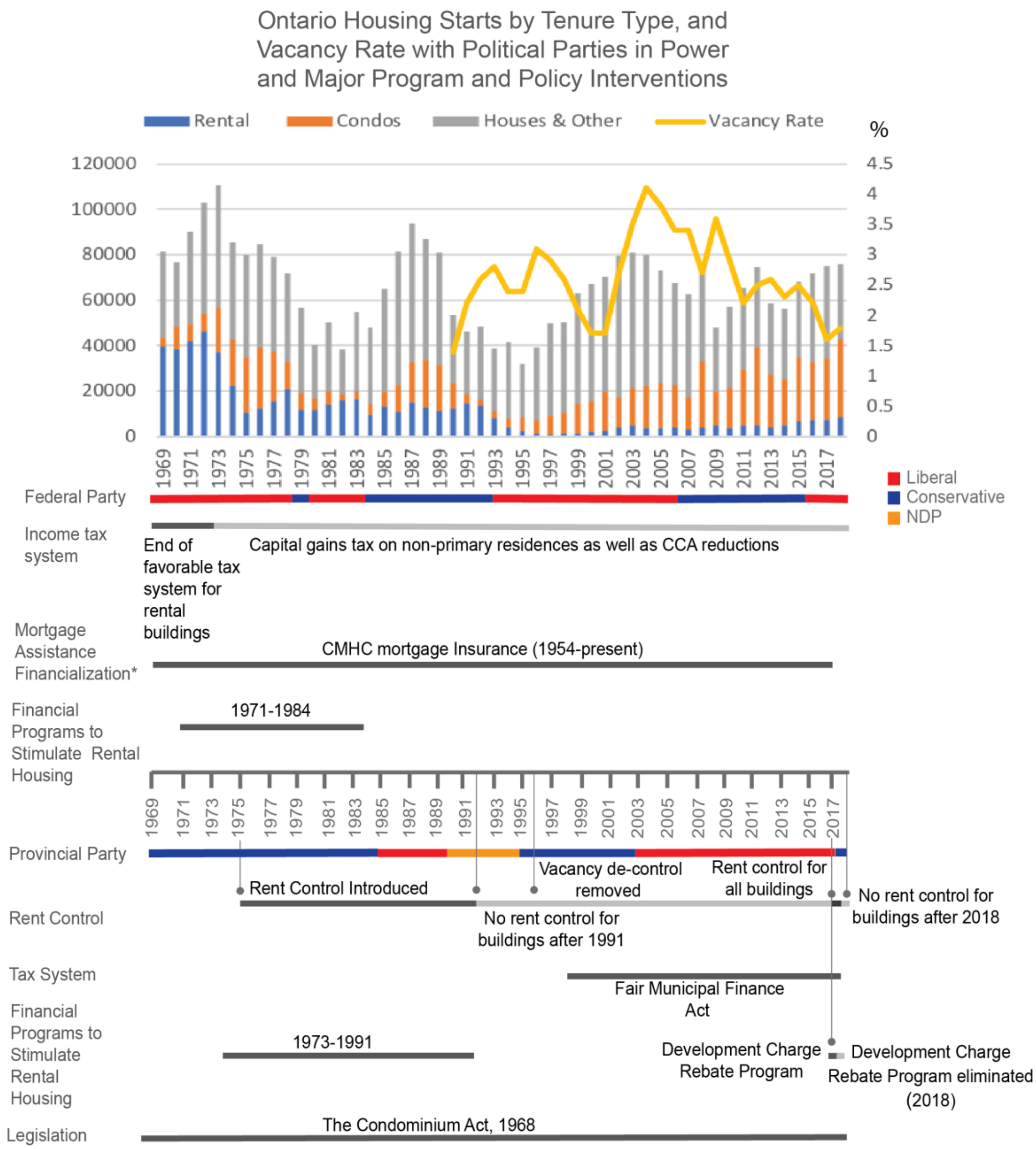

Table 2: Total rental, condo, houses and other built from 1969-2018 with federal and provincial political parties in power at time of start as well as both federal and provincial policies and programs that effect the rental market in Ontario and Canada. Vacancy rate for Ontario from 1991-2018.
Data: Mendonca-Vieira, 2018, CMHC, 2017-2018, CMHC 1991-2018
*Major mortgage programs implemented by the federal government took place prior to 1969, and thus have not been included in this graph. These include but are not limited to, the Dominion Housing Act and the National Housing Act.

The province's taxation capabilities are limited compared to that of the federal government, and land-use planning falls under their purview. Due to these factors Ontario's approach to rental housing policy has also differed in key areas. While it has been identified that there is overlap in federal and Ontario provincial strategies with regards to access to capital programs, Ontario has also attempted to us the lever of land-use policy to incentivize private investment in purpose-built rental housing. In this paper it has been shown that key provincial land-use planning policies have had both positive and negative impacts on the rental housing market. The introduction of the Condominium Act brought in a tenure type that largely replaced purpose-built rental as the large-scale development of choice for private developers. This had a significant negative impact on the purpose-built rental market in Ontario. Other policies, such as rent control and development charges have had varied impacts on the market, and it has been suggested that they can be used as tools to both incentivize investment, increase affordable housing, and provide increased protections for tenants. However, if not properly calibrated, they can also be barriers to investment, and are also highly politicized in a political economy where housing is much more closely tied to partisan considerations that it is at the federal level.

As this paper has shown, only during the Great Apartment Boom has rental housing been built in significant quantities, averaging 82,282 rental starts per year over a 10-year period. During this era, a confluence of factors made investment in rental housing attractive to private developers. Demand for this growth was driven by the baby boom generation, whose upward economic mobility meant that there was more potential for profit in meeting the demand for rental housing. It could be argued that the baby boomer demographic, who could afford to spend more on housing than lower-income renters, are similar in many ways to the people who are purchasing condos today, in that they are higher income than average renters, but can't or aren't ready to commitment to single dwelling home ownership (Hulchanski, 1988a). In the absence of the condo tenure type during the Great Apartment Boom, rental housing flourished, but in a contemporary market where condos are vastly more profitable than rental housing in the short-term, it is unlikely that the factors that drove the Boom will re-emerge.

While there are many similarities between the history of federal and provincial rental housing policy, a central difference is that in comparison to the federal government, the provincial government is directly engaged with participants in the market. As a result, housing policy at the provincial level is much more politicized in comparison to federal policy, where the government has limited its role for the most part to indirectly expanding supply by expanding financial capital. While federal governments have more capacity to provide tax incentives to developers, provincial governments can use land-use planning policy as a lever to incentivize development. This has significant implications for land-use planners and urban planning as a discipline, and this paper has attempted to address those implications to identify actionable solutions planners can apply in their work.

It has been shown that there are a number of things planners can do to increase access to rental housing and promote equity in Canada's housing market at large. Planners can work to reduce the negative effects of urban sprawl on Canadian cities by removing amenity and service deserts and promoting community cohesion. They can also prevent future sprawl promoting intensification in urban centres where services exist. They can also work to rehabilitate the oft marginalized and deteriorating apartment neighbourhoods that emerged out of the Great Apartment Boom, emphasizing the importance for an equity lens that promotes inclusion, diversity, and community in the planning process. Initiatives like the City of Toronto's Tower Renewal project and the implementation of RAC zoning are leading examples of this approach.

There are also a number of tools that provincial governments can extend to municipal planners to help them facilitate increased investment in purpose built rental housing. Offering exemptions and rebates for development charges to developers interested in investing in purpose-built rental is one such tool. Planners can also play a role in advocating for affordable, accessible and equitable housing for Canadians. Attuned to current population, demographic, and social trends, and versed as they are in the systems that govern growth and development, they are uniquely positioned to level coherent, fact-based arguments that policy makers will respond to.

Provincial and municipal planners, though, are always constrained by the political moment, and beyond advocacy can only do as much to support equitable housing policy as the political party in power allows. In the absence of any real progress from the federal or Ontario provincial governments in stimulating the private rental housing market since the Great Apartment Boom, and in the context of an ever-worsening housing crisis in Ontario, it may be time for Ontario to reassess its market-based approach. Recent Conservative cuts to rent control and the Development Charge Rebate program, as well a more general promise to 'cut red tape', suggest that the provincial government is continuing along the same economic lines as many of its predecessors. While it is too soon to tell how these changes will influence the current market, signs from the past indicate that they will not address the systemic issues that underpin Ontario's housing crisis. In this context, when the role of planners is restricted by government policy, the planner's best tool may indeed be advocacy if they wish to contribute to the underlying change this province and country so desperately need.

Bibliography

Advocacy Centre for Tenants Ontario. (2018). "Where will we live? Ontario's Affordable Rental Housing Crisis." Retrieved from https://www.acto.ca/production/wp-content/uploads/2018/05/WhereWillWeLive_May2018_ACTO_Report.pdf

August, M., & Walks, A. (2018). Gentrification, Suburban Decline, and the Financialization of Multi-Family Rental Housing: The Case of Toronto. *Geoforum 89*, 124-136.

Anastakis, D. (2017). *Re-Creation, Fragmentation, and Resilience: A Brief History of Canada Since 1945*. New York, NY: Oxford University Press

Anderson, M. (1964). *The Federal Bulldozer: A Critical Analysis of Urban Renewal, 1949-1962.* Cambridge, MA: The M.I.T. Press.

Association of Municipalities of Ontario. (2019). *The Importance of Development Charges: Submission to the Minister of Municipal Affairs and Housing on "Increasing Housing Supply in Ontario" Consultations.* Toronto, ON: Association of Municipalities of Ontario. Retrieved from https://www.amo.on.ca/AMO-PDFs/Reports/2019/AMO-Submission-on-Increasing-Housing-Supply-in-Ont.aspx

Bacher, J. C. (1993). *Keeping to the Marketplace: The Evolution of Canadian Housing Policy*. Montreal, QC: McGill-Queen's University Press.

Ball, M. (1983). *Housing Policy and Economic Power: The Political Economy of Owner Occupation.* New York, NY: Methuen & Co.

Benzie, R. (2017, April 20). "New tax, rent controls part of Wynne's plan to protect tenants and homebuyers." *Toronto Star*, Retrieved from https://www.thestar.com/news/queenspark/2017/04/20/wynne-unveils-plan-to-protect-tenants-and-homebuyers.html

Canadian Centre of Economic Analysis & Canadian Urban Institute. (2019). *Toronto Housing Market Analysis: From Insight to Action.* Toronto, ON: City of Toronto. Retrieved from https://www.toronto.ca/legdocs/mmis/2019/ph/bgrd/backgroundfile-124480.pdf,

Canadian Mortgage and Housing Corporation. (1991-2018). "Ontario Vacancy Rates by Bedroom Type by Metropolitan Areas, Census Agglomerations and Cities." Retrieved from https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Row%20/%20Apartment

Canadian Mortgage and Housing Corporation. (2016, June 12). "The Secondary Rental Market in Canada-Estimated Size and Composition." Retrieved from https://www.cmhc-schl.gc.ca/en/housing-observer-online/2016-housing-observer/the-secondary-rental-market-in-canada-estimated-size-and-composition

Canadian Mortgage and Housing Corporation. (2017). "Rental Market Report: Ontario Highlights." Retrieved from https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/cmhc/pubsandreports/esub/_all_esub_pdfs/64507_2017_a01.pdf?sv=2017-07-29&ss=b&srt=sco&sp=r&se=2019-05-09T06:10:51Z&st=2018-03-11T22:10:51Z&spr=https,http&sig=0Ketq0sPGtnokWOe66BpqguDljVgBRH9wLOCg8HfE3w%3D

Canadian Mortgage and Housing Corporation. (2017). "Research Insight: The Housing Conditions of Recent Immigrant Households." Retrieved from https://eppdscrmssa01.blob.core.windows.net/cmhcprodcontainer/sf/project/cmhc/pubsandreports/pdf/69093.pdf?sv=2017-07-29&ss=b&srt=sco&sp=r&se=2019-05-09T06:10:51Z&st=2018-03-11T22:10:51Z&spr=https,http&sig=0Ketq0sPGtnokWOe66BpqguDljVgBRH9wLOCg8HfE3w%3D

Canadian Mortgage and Housing Corporation. (2017-2018). "Starts by Dwelling Type." Retrieved from https://www03.cmhc-schl.gc.ca/hmip-pimh/en#TableMapChart/35/2/Ontario

Canadian Mortgage and Housing Corporation. (2018). "Ontario Rental Market Overview and Outlook." Retrieved from https://www.frpo.org/wp-content/uploads/2018/02/CMHC-.pdf

Canadian Mortgage and Housing Corporation. (2018, May 30). "Real Average After-Tax Household Income, Owner and Rental Households, Canada, Provinces and Selected Metropolitan Areas, 2006-2016." Retrieved from https://www.cmhc-schl.gc.ca/en/data-and-research/data-tables/household-characteristics

Canadian Rental Housing Index. (n.d.). "Rental Index." Retrieved from http://www.rentalhousingindex.ca/en/#rhi_prov

City of Toronto. (2018). "Inclusionary Zoning- Securing Affordable Housing in Toronto." Retrieved from https://www.toronto.ca/city-government/council/2018-council-issue-notes/torontos-housing/inclusionary-zoning-securing-affordable-housing-in-toronto/

Clayton Research Associates. (1998). *Economic Impact of Federal Tax Legislation on the Rental Housing Market in Canada.* Toronto, ON: Canadian Federation of Apartment Associations.

City of Toronto. (2013). *Tower Renewal Accomplishments 2011-2013*. Toronto, ON: City of Toronto. https://www.toronto.ca/legdocs/mmis/2013/cd/bgrd/backgroundfile-61306.pdf

Cohn, M.R. (2017, March 22). "Vicious, not so virtuous cycle of rent controls: Cohn." *Toronto Star,* Retrieved from https://www.thestar.com/news/queenspark/2017/03/22/vicious-not-so-virtuous-cycle-of-rent-controls-cohn.html

Coleman, W.D. (1989). *Regionalism, Business Interests, and Public Policy*. London, UK: Sage Publications.

Communications Branch, Ministry of Municipal Affairs and Housing. *Ontario Housing Corporation 1964-1984. (1984)*. Toronto, ON: Ministry of Municipal Affairs and Housing.

Crespad/Barnard. (1988). *Convert-to-Rent Program Evaluation.* Toronto, ON: Ministry of Housing.

Cross, K.J., & Collier R. W. (1967). The Urban Renewal Process In Canada: An Analysis *of Current Practice.* Vancouver, B.C: The University of British Columbia.

Curling, A. (1985). *Assured Housing for Ontario: A Position Paper*. Toronto, ON: Ministry of Housing.

Department of Finance. (1971). "Budget Speech." Retrieved from https://www.budget.gc.ca/pdfarch/1971-sd-eng.pdf

Development Charges Act, 1997, S.O. 1997, c.27

Dowler, R.G. (1984). *Housing Related Tax Expenditures: An Overview and Evaluation.* Toronto, ON: Centre for Urban and Community Studies, University of Toronto.

Downs, A. (1988). *Residential Rent Controls: An Evaluation*. Washington, D.C: The Urban Land Institute.

Dupuis, J. (2003). *Federal Housing Policy: An Historical Perspective*. Ottawa, ON: Parliamentary Research Branch.

Fallis, G. (1995). *Home Remedies: Rethinking Canadian Housing Policy*. Toronto, ON: C.D. Howe Institute.

Fallis et al. (1989). *The Economic Impact of Federal Rental Housing Program*. Toronto, ON: Institute for Policy Analysis, University of Toronto.

Federation of Rental-housing Providers of Ontario. (2015). "Engaging Government on Property Tax and Assessment Policy." Retrieved from http://www.frpo.org/wp-content/uploads/2015/05/cpta-041615.pdf

Finkel, A. (2006). *Social Policy and Practice in Canada: A History*. Waterloo, ON: Wilfrid Laurier University Press.

Gans, Herbert J. "The Failure of Urban Renewal." Reprinted in *Urban Renewal: The*

Record and the Controversy, edited by James Q. Wilson, 537-557. Cambridge: The M.I.T. Press, 1966.

Government of Canada. (2019, April 30a). "Capital cost allowance (CAA) for rental property." Retrieved from https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/rental-income/capital-cost-allowance-rental-property.html

Government of Canada. (2019, April 30b). "Selling your Rental Property." Retrieved from https://www.canada.ca/en/revenue-agency/services/tax/businesses/topics/rental-income/capital-cost-allowance-rental-property/determining-capital-cost-property-special-situations/selling-your-rental-property.html

Housing Supply Working Group. (2001). *Affordable Rental Housing Supply: The Dynamics of the Market and Recommendations for Encouraging New Supply*. Toronto, ON: Ministry of Municipal Affairs and Housing.

Hulchanski, J.D. (1986). The 1935 Dominion Housing Act: Setting the Stage for a Permanent Federal Presence in Canada's Housing Sector. *Urban History Review 15*(1), 12-39. Retrieved from http://ezproxy.lib.ryerson.ca/login?url=https://search-proquest-com.ezproxy.lib.ryerson.ca/docview/216511540?accountid=13631

Hulchanski, J. D. (1988a). *Canada's Housing and Housing Policy: An Introduction*. Vancouver, B.C.: School of Community and Regional Planning.

Hulchanski, J. D. (1988b). The Evolutions of Property Rights and Housing Tenure in Postwar Canada: Implications for Housing Policy. *Urban Law and Policy 9*, 135-156. Retrieved from http://www.urbancentre.utoronto.ca/pdfs/researchassociates/Hulchanski_Housing-Tenure-C.pdf

Hulchanski, J.D. (1997). "The Economics of Rental Housing Supply and Rent Decontrol in Ontario." Retrieved from http://www.urbancentre.utoronto.ca/pdfs/researchassociates/Hulchanski_Ont-Leg_Economic.pdf

Hulchanski, J.D. (2003). What Factors Shape Canadian Housing Policy? The Intergovernmental Role in Canada's Housing System, *Conference on Municipal-Federal-Provincial Relations* in Canada, Kingston, May 9-10, 2003. Toronto, ON: The Homeless Hub.

Jacobs, J. *The Death and Life of Great American Cities.* New York: Vintage Books, 1992.

Kalinowski, T. (2018, April 30). "Millennials rank affordable housing among top concerns for upcoming provincial election, real estate study says." *Toronto Star*, Retrieved from https://www.thestar.com/business/2018/04/30/millenials-rank-affordable-housing-among-top-concerns-for-upcoming-provincial-election-real-estate-study-says.html

Klemek, C. (2011). *The Transatlantic Collapse of Urban Renewal: Postwar Urbanism from New York to Berlin.* Chicago, IL: University of Chicago Press.

Landlord and Tenant Board. (2018). "Eviction for Personal Use, Demolition, Repairs and Conversion: Interpretation Guideline 12." Retrieved from http://www.sjto.gov.on.ca/documents/ltb/Interpretation%20Guidelines/12%20-%20Eviction%20for%20Personal%20Use.html

LaPointe, L. (2011). *Where's Home?: The Need for Affordable Rental Housing in Ontario.* Toronto, ON: Ontario Non-Profit Housing Association and Co-operative Housing Federation of Canada Ontario Region.

LaurenPelley. (2018, November 15). "This is how the province explains upcoming rent control

reforms" [Tweet]. Retrieved from https://twitter.com/LaurenPelley/status/1063147183237750784?ref_src=twsrc%5Etfw%7Ctwcamp%5Etweetembed%7Ctwterm%5E1063147183237750784&ref_url=https%3A%2F%2Fwww.cbc.ca%2Fnews%2Fcanada%2Ftoronto%2Frent-control-reforms-could-mark-return-to-sky-high-increases-for-toronto-tenants-advocates-warn-1.4908665

McFarland, J. (2017, April 4). "'Exact opposite of what is needed: CIMC slams Ont. Rent-control rules." *The Globe and Mail*, Retrieved from https://www.theglobeandmail.com/real-estate/toronto/new-ontario-rent-control-rules-exact-opposite-of-what-is-needed-analyst-warns/article34569276/

Mendonca-Vieira, P. (2018). *Actually, Rent Control is Great.* Toronto, ON: Federation of Metro Tenants' Associations. Retrieved from https://torontotenants.org/sites/torontotenants.org/files/actually-rentcontrol-great-phillmv_0.pdf

Ministry of Finance. (2018). "Ontario Population Projections Update, 2017-2041." Retrieved from https://www.fin.gov.on.ca/en/economy/demographics/projections/#s1

Ministry of Housing. (1974-1986). *Ontario Housing Corporation Annual Reports 1974-1986.* Toronto, ON: Ministry of Housing.

Ministry of Housing. (1989). *Annual Report 1988-1989.* Toronto, ON: Ministry of Housing.

Ministry of Housing. (1992). *Consultation Counts: Taking Action on a Housing Framework for Ontario*. Toronto, ON: Ministry of Housing.

Ministry of Municipal Affairs and Housing. (2008). *Development Permit System: A Handbook* *for Municipal Implementation.* Toronto, ON: Ministry of Municipal Affairs and Housing.

Ministry of Municipal Affairs and Housing. (2014). *Provincial Policy Statement, 2014*. Toronto, ON: Ministry of Municipal Affairs and Housing.

Ministry of Municipal Affairs and Housing. (2018). "Land Use Planning." Retrieved from http://www.mah.gov.on.ca/Page186.aspx

Ministry of Municipal Affairs and Housing. (2018b). "Inclusionary Zoning." Retrieved from http://www.mah.gov.on.ca/Page13790.aspx

Ministry of Municipal Affairs and Housing. (2019). "Increasing Housing Supply in Ontario." Retrieved from http://www.mah.gov.on.ca/Page20903.aspx

Ministry of Municipal Affairs and Housing. (2019, January 25). "Citizen's Guide to Land Use Planning, The Planning Act." Retrieved from https://www.ontario.ca/document/citizens-guide-land-use-planning/planning-act

Miron, J.R. (1995). Private Rental Housing: The Canadian Experience. *Urban Studies 32,* 3 579-604. Retrieved from https://journals-sagepub-com.ezproxy.lib.ryerson.ca/doi/10.1080/00420989550012988

Monahan, P, J., & Shaw, B. (2013). *Constitutional Law, 4th Edition*. Toronto, ON: Irwin Law.

Moscovitch, A. (1981). "Housing? Who pays? Who profits?." In Moscovitch, A & Drover, G (Eds.), Inequality: essays on the political economy of social welfare. Toronto, ON: University of Toronto Press.

Nelles, H.V. (2017). *A Little History of Canada, 3rd Edition.* New York, NY: Oxford University Press

Oberlander, P., & Fallick, A, L. (1992). *Housing a Nation: The Evolution of Canadian Housing Policy.* Ottawa, ON: Canadian Mortgage and Housing Corporation.

Office of the Premier. (2017, April 20). "Making Housing More Affordable: Ontario Introducing Housing Affordability Measures for Homebuyers and Renters". Retrieved from https://news.ontario.ca/opo/en/2017/04/making-housing-more-affordable.html

Ontario Housing Corporation. (1984). *Ontario Housing Corporation, 1964-1984*. Toronto, ON: Ministry of Municipal Affairs and Housing.

Ontario Human Rights Commission. (2007). *Human Rights and Rental Housing in Ontario: Background Paper*. Toronto, ON: Ontario Human Rights Commission.

Ontario Non-Profit Housing Association (2018). "An Affordable Housing Plan for Ontario".

Retrieved from http://onpha.on.ca/Conte$Type\ equation\ here$.nt/Advocacy_and_research/Advocacy/Affordable_Housing_Plan_for_Ontario.aspx

Ontario Real Estate Association. (2019). "Ontario Home Sales Pull Back in February." Retrieved from http://creastats.crea.ca/orea/

Pomeroy, S. (1998). *Private Rental Policies and Programs: Review of the International Experience.* Ottawa, ON: Canadian Mortgage Housing Corporation.

Program Evaluation Division. (1988). *Assessment Report Evaluation of Federal Rental Housing Programs.* Ottawa, ON: Canadian Mortgage Housing Corporation.

Rosen, G., & Walks, A. (2014). Castles in Toronto's Sky: Condo-ism as Urban Transformation. *Journal of Urban Affairs 37*(3), 289-310. Retrieved from https://journals-scholarsportal-info.ezproxy.lib.ryerson.ca/pdf/07352166/v37i0003/289_citscaut.xml

Saywell, J. (1976). *Canadian Annual Review of Politics and Public Affairs,1975*. Toronto, ON: University of Toronto Press.

Selby, J.L. (1985). *Urban Rental Housing in Canada, 1900-1985: A Critical Review of Problems and the Response of Government.* Vancouver, B.C: University of British Columbia.

Sewell, J. (1994). *Houses and Homes: Housing for Canadians*. Toronto, ON: James Lorimer & Company.

Smith, L.B. (1983). The Crisis in Rental Housing: A Canadian Perspective. *The Annals of the American Academy 465*, 58-75. Retrieved from https://doi-org.ezproxy.lib.ryerson.ca/10.1177%2F000271628346500106

Smith, L.B. (1988). An Economic Assessment of Rent Controls: the Ontario Experience. *Journal of Real Estate Finance and Economics 1*(3), 217-231. Retrieved from https://dx-doi-org.ezproxy.lib.ryerson.ca/10.1007/BF00658918

Smith, L.B. (1991). "Rent control and a program for rent decontrol in Ontario" In W. Block and George Lermer (Eds.), *Breaking the Shackles: Deregulating Canadian Industry*. Vancouver, B.C: The Fraser Institute.

Smith, L.B. (2003). Intertenancy Rent Decontrol in Ontario. *Canadian Public Policy*, *29*(2), 213-225. Retrieved from https://www-jstor-org.ezproxy.lib.ryerson.ca/stable/3552456?pq-origsite=summon&seq=1#metadata_info_tab_contents

Statistics Canada. (1971-2017). "Canada Mortgage and Housing Corporation, Vacancy Rates, Apartment Structures of Six Units and Over, Privately Initiated in Census Metropolitan Areas." Retrieved from http://clouddc.chass.utoronto.ca.myaccess.library.utoronto.ca/ds/cansim/olap/displayCube.do?action=browse&a=34100127&lang=en

Statistics Canada. (2016). "Census Profile, 2016 Census Ontario Household Characteristics." Retrieved from https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/Page.cfm?Lang=E&Geo1=PR&Code1=35&Geo2=PR&Code2=35&Data=Count&SearchText=Ontario&SearchType=Begins&SearchPR=01&B1=All&GeoLevel=PR&GeoCode=35

Statistics Canada. (2019). "Consumer Price Index (CPI) statistics, measures of core inflation and other related statistics - Bank of Canada definitions." Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=1810025601

"Tories amend planning act 18 months after NDP did same." (1995, November 16). *Canadian Press*, Retrieved from https://search-proquest-com.ezproxy.lib.ryerson.ca/docview/356804894?pq-origsite=summon

Thom, S. (1987). *Volume 2 Report of the Commission of Inquiry into Residential Tenancies*. Toronto, ON: Province of Ontario.

TVO. (2017). "Rent Control in Ontario." Retrieved from https://www.tvo.org/video/rent-control-in-ontario

Urbanation. (2019). "2018 Ontario Rental Market Update: The Supply Gap Grows Larger." Retrieved from https://www.frpo.org/wp-content/uploads/2019/02/Urbanation-FRPO-Ontario-Rental-Market-Report-Winter-2019.pdf

Vinneau, D. (1995, August). "Let market control rents, Harris says." *Toronto Star*, Retrieved from https://search-proquest-com.ezproxy.lib.ryerson.ca/docview/437300876?pq-origsite=summon

Zamperin, R. (2017, July 4). "Housing affordability will be 'a big election issue' in Ontario: Tim Hudak." *Global News*, Retrieved from https://globalnews.ca/news/3573571/ontario-housing-affordability-2018-election/