

This bulletin has been prepared in the context of other housing research undertaken by City Planning:
 - Profile Toronto, Toronto's Housing, No.2, December 2003
 - Perspectives on Housing Affordability, July 2006
 - Perspectives on Housing Tenure, July 2006
 - Flashforward: Projecting Population and Employment to 2031 in a Mature Urban Area, June 2002; and related Addendum: Projecting Rental Demand to 2031, July 2006

September 2006

HIGHLIGHTS

- 49% of Toronto's households are renters; for the last 35 years, the tenure split has been about 50% renters and 50% owners.
- The overall supply of rental housing units has not increased in the last decade.
- Since 1996, 95% of all new housing completions in Toronto have been ownership, and only 5% were rental.
- Toronto's population will continue to grow; a projected increase of an additional 93,000 renter households by 2031 represents an increase in rental demand of about 20%.
- Primary rental housing ('conventional' private and social housing) comprises 75% of all rental housing in the City.
- Secondary rental housing, (more temporary rental housing such as rented houses, a second suite in a house, and condominium rental units), makes up the remaining 25%.
- Condominium rental units comprise only 5% of rental housing, and there were fewer of these units in 2005 than there were in 1996.
- More renters had significant affordability problems than owners in 2001; 21% of renters (almost 100,000 households) were paying 50% or more of their income on shelter, while only 9% of owners were in this category.
- Apartment rents have risen 1½ times faster than inflation since 1990.
- Though rental vacancy rates have been in the moderate range for the last 3 years (3.7% to 4.3%), they have started to decline again. For the previous 30 years, vacancy rates were persistently low, often below 1%.



Rental Housing Supply and Demand Indicators

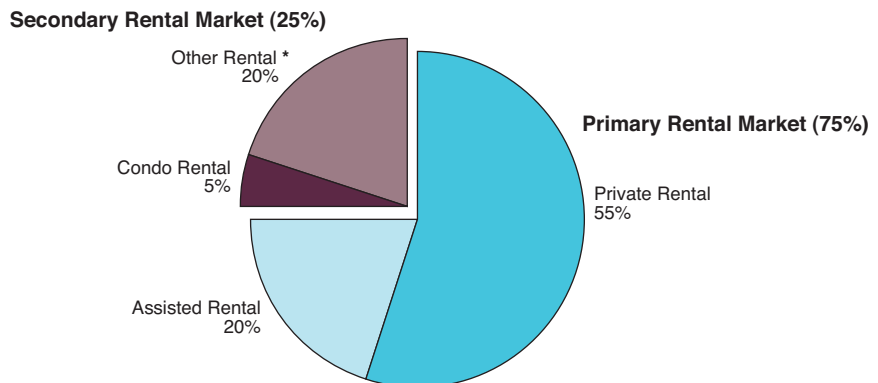
The last ten years have been a period of strong population and housing growth in Toronto and the rest of the Greater Toronto Area, but not for rental housing. The construction of condominium apartment units in Toronto has outstripped all other forms of housing construction. Changes in the private rental housing market in Toronto over the last 5 years have been unlike those witnessed in the previous 30 years. There has also been an increase in the percentage of households becoming owners.

During this same period, the need for affordable housing has continued, with only small gains in the number of additional affordable housing units achieved.

All this has raised questions about our conventional understanding of the role of rental housing in Toronto's housing market. For the last 35 years, 50% of Toronto's households were renters, and population growth is expected to remain strong. How will Toronto meet the expected future demand for rental housing?

Against this backdrop, this Profile focuses on the supply and availability of the rental housing stock, the different types of rental housing (illustrated by the figure below), and indicators of demand (vacancy rates, tenure and affordability).

Figure 1: Components of Rental Universe – Primary and Secondary Rental Units, Toronto, 2001



* Estimated.
 Primary rental housing is multiple-unit 'conventional rental' housing, consisting of both assisted rental units (social housing) and private rental units. The Secondary Rental Market consists of rented condominium units and other small or house form buildings with only a few rental units.
 Source: See Table 2.1

Data Sources and Definitions

1. Data Sources

Data in this Profile come from two sources: the Census conducted every five years by Statistics Canada and Canada Mortgage and Housing Corporation (CMHC) surveys of the rental and condominium markets.

The **Census** collects information on all rental units, including information about the structure type and household characteristics.

Statistics Canada classifies a dwelling as “owned” even if it is not fully paid for, or “rented” even if it is provided without cash rent or at a reduced rent, or if the dwelling is part of a cooperative.

Household Income is the combined income of all household members with earnings.

CMHC’s annual **Rental Market Survey**, provides information on rents and vacancy rates for privately initiated rental apartment structures of three or more units, rented row units, publicly-initiated rental and co-op housing, and rental units in condominium buildings in which over 50% of the units are rented.

Note that although the Rental Market Survey includes rental units in condominium buildings in which over 50% are rented, the City’s policies do not consider these to be Primary rental units since their owners may choose to occupy them.

CMHC’s Condominium Report surveys residential condominiums to obtain information on rents and vacancy rates for any rented units in buildings in which less than 50% of the units are rented. The survey excludes any condominiums that are included in the annual Rental Market Survey (i.e, more than 50% of the units are rented).

2. Primary and Secondary Rental Markets

The **Primary Rental Housing Market** includes:

- Private rental housing that is privately owned in buildings of 3 or more units, and was generally purpose built for rental.
- Assisted housing, which is housing that is subsidized by the government, often referred to as ‘social housing’. It includes buildings operated by co-operatives, private non-profit agencies and the Toronto Community Housing Corporation.

The **Secondary Rental Market** consists of rented condominium units and Other Rental units, generally in other small house form buildings with only a few rental units.

Other Rental units are rental units not surveyed by CMHC in either the Rental Market Survey or Condominium Survey reports. They are in buildings with fewer than 3 rental units, generally found to be single detached, semi-detached and duplex rental units, secondary apartments in houses and apartments over stores, as well as condominium rental units in row houses. The number of other rental units is approximate, estimated by subtracting the total number of conventional Private and Assisted Rental Units and Condominium Rental Units from the total number of renter households in Toronto.

The City’s Policies

The policies in Toronto’s Official Plan that address demolition or conversion to condominium or freehold ownership of existing rental units are concerned with the Primary Rental Housing Market with the exception of properties with 3 to 5 units.

3. Two types of condominium rental units

Rented units in the condominium universe are generally owned by individual owners who rent out units, or condominium builders who rent out units they have not yet sold and are surveyed by CMHC for the annual Condominium Report.

Rented condominium units are considered by CMHC to be in the rental universe where more than 50% of the units are rented out and the owner maintains a rental office on site to market the units to tenants. These represent only a small portion of condominium rental units, and CMHC surveys these rental units as part of the annual Rental Market Survey.

The reason for the distinction between these two types is that some condominium-registered buildings are built and rented initially to tenants. However temporary, these buildings provide rental housing to tenants in a similar manner to ‘conventional rental’ buildings. However, the pattern has been that over time, individual units are sold to owner occupiers. When the number that are owner-occupied reaches 50%, the trend towards condominium ownership and away from rental has been established, and CMHC moves the remaining rental units from the Rental Market Survey to the annual Condominium Survey.

Note that neither type of condominium unit is covered by the demolition and conversion policies in the City’s Official Plan.

HOUSING TYPES AND TENURE

Toronto's Housing Stock More Varied Than the Rest of the GTA

There are significant differences between Toronto's housing stock and that of the Rest of the GTA. The 2001 Census profile of housing structure types (Figure 1.1) shows that a majority of all housing units in the Rest of the GTA are single detached houses, with the total of all types of apartments combined representing a much smaller share. In contrast, Toronto has more apartments in buildings over 5 storeys than it has single detached houses, and no one type of structure represents a majority of housing types.

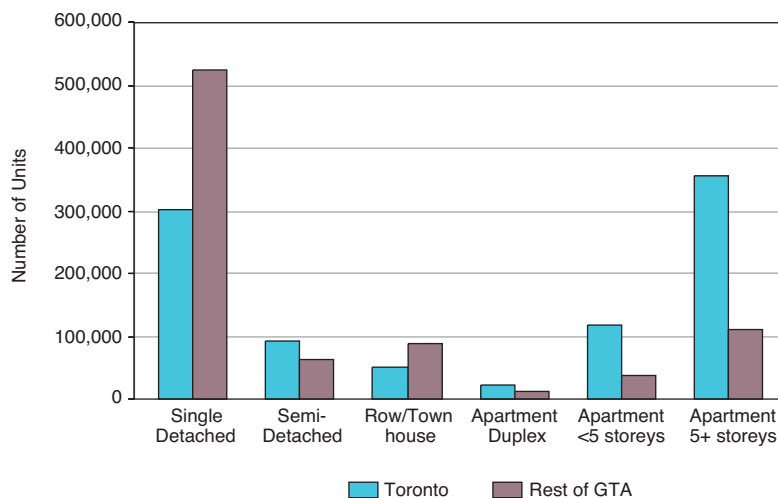
The Rest of the GTA has more house structures than Toronto, while Toronto has significantly more apartments.

Toronto's tenure split is almost evenly balanced (Figure 1.2). The Rest of the GTA has a very different tenure split: in 2001, only 21% of households were renters. At 79%, almost 4 of 5 households are owners (Figure 1.3). Table 1.1 demonstrates that Toronto is home to almost 3/4 of all renter households in the GTA. The Rest of the GTA has almost 60% of the GTA's homeowners.

Changes to Toronto's Housing Types and Tenure Mix

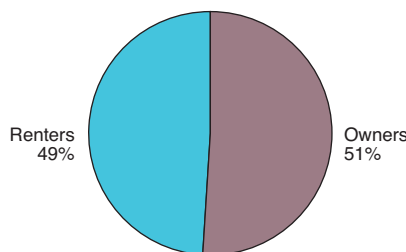
As Table 1.2 demonstrates, Toronto's increase in housing units between 1996 and 2001 was comparable to the increase between 1991 and 1996, about 39,000 units. Generally, most individual categories of housing increased in both periods. However, between 1996 and 2001, there were significant reductions in the number of units in two categories: apartment duplex and apartment under 5 storeys. These decreases (over 5,600 units of

Figure 1.1: Dwelling Units by Structure Type, 2001



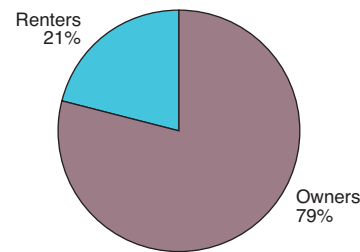
Source: Profile Toronto, Toronto's Housing, No.2, December 2003

Figure 1.2: Tenure Split, Toronto, 2001



Source: Statistics Canada, Census 2001

Figure 1.3: Tenure Split, Rest of GTA, 2001



Source: Statistics Canada, Census 2001

Table 1.1: Household Tenure, Toronto and Greater Toronto Area, 2001

	Owner Households		Renter Households	
	Number	Percent GTA	Number	Percent GTA
Toronto	478,545	42%	464,535	73%
Rest of GTA	665,020	58%	172,375	27%
GTA	1,143,565	100%	636,910	100%

Source: Profile Toronto, Toronto's Housing, No.2, December 2003

Table 1.2: Dwelling Units by Structure Type, Toronto, 1991, 1996, 2001

Structure Type	1991	1996	2001	Change 1991-1996		Change 1996-2001	
				Number	Percent	Number	Percent
Single Detached	287,475	285,375	300,930	-2,100	-0.7	15,555	5.5
Semi-Detached	86,735	84,625	91,010	-2,110	-2.4	6,385	7.5
Row/Town house	44,505	46,440	52,315	1,935	4.4	5,875	12.7
Apartment Duplex	21,185	29,440	23,800	8,255	39.0	-5,640	-19.2
Apartment <5 storeys	110,695	122,545	116,910	11,850	10.7	-5,635	-4.6
Apartment 5+ storeys	309,940	331,930	354,995	21,990	7.1	23,065	6.9
Other Single-Attached	3,900	3,140	3,040	-760	-19.5	-100	-3.2
Movable Dwelling	115	90	75	-25	-21.7	-15	-16.7
Total Dwellings	864,550	903,585	943,075	39,035	4.5	39,490	4.4

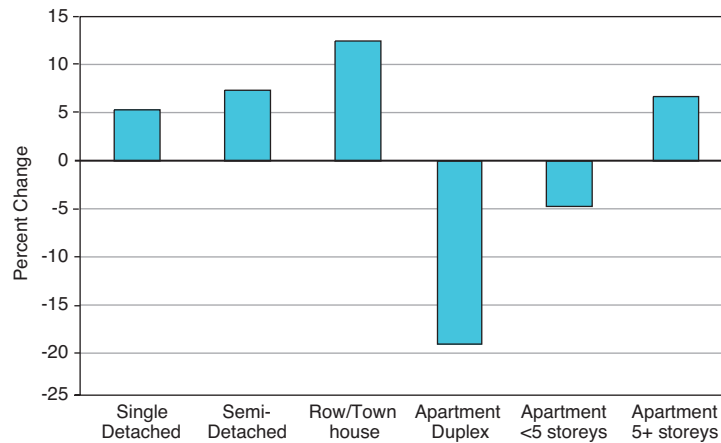
Source: Statistics Canada, Census 1991, 1996, 2001

each type) outstripped the next biggest decrease in any structure category (about 2,100 semi-detached houses between 1991 and 1996).

Virtually all of these 11,275 fewer apartment units would have been occupied by tenants. In addition to small apartment buildings, many of these units are in the form of duplexes, triplexes and second suites in houses, all house forms of interest to the increased ownership demand in the last decade¹. Most of the rental housing in these house form buildings would be considered part of the Secondary rental market.

The previous 30 years of Census information for Toronto confirms the consistent owner/renter balance since 1971 (Table 1.3 and Figure 1.5). The tenure split has hovered around the 50/50 mark during that time, though renters increased at a faster rate than owners during the 1980s and early 1990s, widening the gap somewhat. Between 1996 and 2001, the number of owners increased and tenants decreased slightly (the first decline since at least 1951), leaving owners with a small majority at 50.7%. (Figure 1.6)

Figure 1.4: Percent Change in Dwelling Units by Structure Type, Toronto, 1996-2001



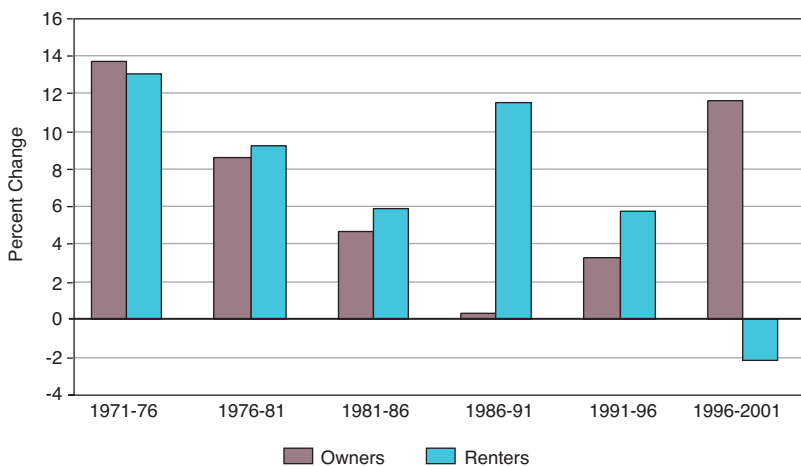
Source: Profile Toronto, Toronto's Housing, No.2, December 2003

Table 1.3: Household Tenure, Toronto, 1951-2001

Year	Number of Households			Percent of Total Households	
	Total	Owners	Renters	Owners	Renters
1951	273,210	193,405	79,795	70.8	29.2
1956*	341,075	237,000	104,075	69.5	30.5
1961	430,035	282,800	147,235	65.8	34.2
1966	516,735	307,500	209,235	59.5	40.5
1971	629,275	320,770	308,505	51.0	49.0
1976	712,960	364,355	348,605	51.1	48.9
1981	776,380	395,575	380,805	51.0	49.0
1986	816,875	413,995	402,880	50.7	49.3
1991	864,555	415,450	449,105	48.1	51.9
1996	903,580	428,975	474,605	47.5	52.5
2001	943,075	478,545	464,535	50.7	49.3

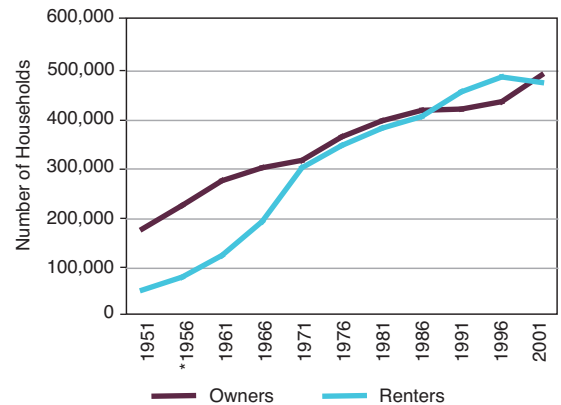
*1956 owner and renter households are estimates based on total households reported by the Census and housing completions by type between 1951 and 1960 (using CMHC data). The Census did not ask for tenure status in 1956.
Source: Statistics Canada, Censuses, 1951 through 2001

Figure 1.5: Percent Change in Household Growth, Toronto, 1971-2001



Source: Profile Toronto, Toronto's Housing, No.2, December 2003

Figure 1.6: Households by Tenure, Toronto, 1951-2001



*1956 estimate
Source: Statistics Canada, Censuses, 1951 through 2001

1. The reduction was most likely primarily the result of owners re-occupying or re-converting rental units to owner occupancy in house-form buildings. Between 1996 and 2001 there were few demolition or conversion applications in these smaller apartment buildings or house-form buildings. The Census definition for Apartment Duplexes also includes some houses with Second Suites.

RENTAL HOUSING SUPPLY

Primary and Secondary Rental Housing

Figure 2.1 and Table 2.1 illustrate the relative size of different rental sub-markets and how they can be grouped into two distinctive categories: Primary and Secondary rental markets. Primary rental housing is sometimes referred to as ‘conventional rental’ housing: these buildings contain multiple units that are generally ‘purpose-built’ for rental housing, some privately-owned (55%) and others owned by government, co-operatives or non-profit groups (20%).

Primary rental housing is estimated to comprise 75% of all rental housing in Toronto. This represents the stable rental housing stock that most of the City’s renters occupy, and which is best positioned to meet future needs of renters. The supply of Primary rental housing stock changes slowly, is more easily monitored, and is the subject of the City’s rental housing protection policies. The Canada Mortgage and Housing Corporation surveys these rental unit properties annually, where there are 3 or more rental units, and compiles annual data on new construction of multiple-unit rental buildings.

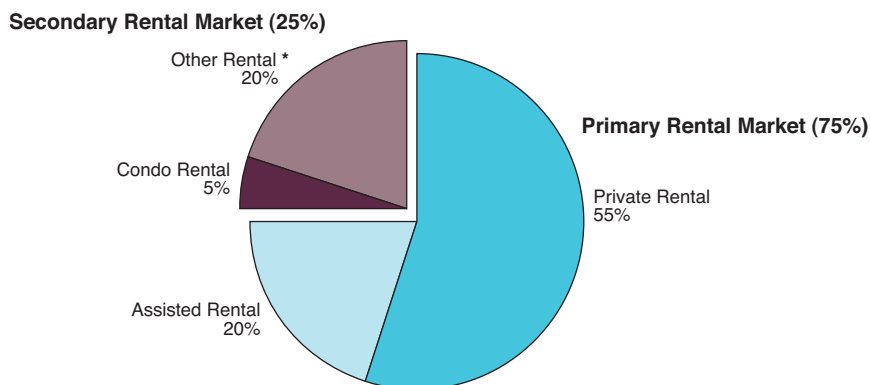
The Secondary rental market is estimated to comprise about 25% of all rental housing in the City. It consists of rented condominium units, and any rental property with only 1 or 2 rental units that may be in such buildings as rented houses, duplexes, triplexes, converted houses and apartments over stores. Also included are rented second suites in owner-occupied houses. This type of rental housing does not provide a stable supply of rental units. For example, individual units move in and out of rental status, when owners choose to re-occupy them or sell them to owner-occupiers. Most of the

Table 2.1: Primary and Secondary Rental Housing Components, Toronto 2001

	Number of Renter Households	Percent of All Households
2001 Census	464,535	49%
Rental Universe		
Primary		
Private Rental Units ¹	255,578	55%
Assisted Rental Units ¹	94,733	20%
Secondary		
Condominium Rental Units ²	25,016	5%
Other Rental Units ³ estimated	89,208	20%

1. The Primary Rental Market consists of Private and Assisted Units. (See Data Notes and Definitions, p.2)
 2. Data from Annual CMHC Condominium Report.
 3. Other Rental Units are those not surveyed by CMHC in the Rental Market Survey or Condominium Report, including Second Suites in houses and buildings with less than 3 rental units.
 Source: Statistics Canada 2001 Census, CMHC 2001 Rental Market Survey, CMHC 2001 Condominium Report, and special data request to CMHC

Figure 2.1: Components of Rental Universe – Primary and Secondary Rental Units, Toronto, 2001



* Estimated.
 Source: See Table 2.1

owners of Secondary rental units own only a few units, or a single rental unit, unlike owners of multiple-unit Primary rental properties.

The Secondary rental housing stock is more volatile, providing rental units on a more temporary basis. It would not be appropriate to apply the City’s policies protecting rental housing, since the Secondary rental market needs the flexibility to respond to market conditions and to personal circumstances by adding units to the rental market or removing them to meet the demand for ownership. With the exception of condominium rental units (5% of all rental housing in Toronto), which are surveyed annually by CMHC, it is very

difficult to monitor and accurately count most Secondary rental stock. The best opportunity arises with the Census every 5 years, from which the probable number of Secondary rental units can be estimated by subtracting the CMHC surveyed rental stock from the Census count of total renter households.

Taken together, the available data from the Census and CMHC Rental Market and Condominium Reports suggests that the Secondary rental stock in Toronto has not increased over the last decade, and in fact it has likely decreased slightly. This decline is evidenced by the following:

- 11,000 fewer apartments in duplexes and buildings under 5 storeys (1996-2001), a type in which tenants in the Secondary rental market typically reside
- 10,000 fewer tenant households (1996-2001)
- only a very minor reduction in Primary rental units, as noted in Table 2.2 (1996-2001)
- a reduction of almost 6,900 condominium rental units from 1996 to 2001 (Table 2.5), though by 2005 this market segment had rebounded somewhat with the addition of about 2,500 condominium rental units

In contrast to the 1996-2001 decreases of apartments in duplexes and buildings under 5 storeys and renter households, there were increases in these categories in the preceding 1991-1996 period (Tables 1.2 and 1.3) – condominium rental data is not available for this period.

No Increase in Primary Rental Housing

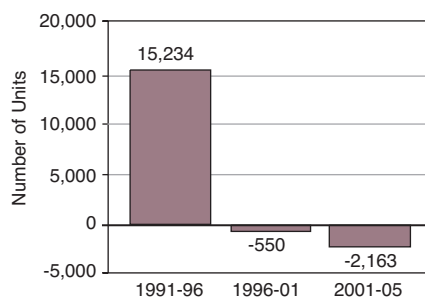
Toronto's supply of Primary rental housing has not increased over the last decade. Table 2.2 and Figure 2.2 illustrate that while the number of Primary rental units increased significantly in the 1991-1996 period, there was a minor decrease in the 1996-2001 period, and a larger decrease in the 2001 to 2005 period (the last year for which data are available). Combined, there has been a decrease of about 2,700 rental units from 1996 to 2005, in contrast to the increase in supply between 1991 and 1996 of more than 15,000 rental units. Most of this 1991-1996 increase was due to the construction of a significant amount of social housing funded by the provincial government.

Table 2.2: Primary Rental Units, Toronto, 1991-2005

Year	Number of Units
1991	335,627
1992	339,199
1993	341,306
1994	346,694
1995	349,821
1996	350,861
1997	350,945
1998	350,981
1999	351,005
2000	350,323
2001	350,311
2002	349,343
2003	351,681
2004	349,731
2005	348,148

Source: CMHC Rental Market Survey, 1991-2005 and special request to CMHC

Figure 2.2: Change in Primary Rental Units, Toronto, 1991-2005



The change in the supply of rental housing units is the product of adding all new rental units completed that year, and subtracting all existing rental units that have been demolished or converted to non-rental uses, or that are temporarily unavailable due to renovations. Thus, even in a year when new rental units are constructed, there may be a net decrease in the total supply of rental units.

Though the City of Toronto has had policies protecting rental housing from demolition and conversion, nonetheless, some reductions in supply might be observed in any given year. This can result from the delay between construction of replacement housing following the approved demolition of older buildings, or from the

1996 DATA

1996 is a significant year for measuring changes to the supply of rental units. As a Census year, it allows a variety of comparisons of CMHC with Census data. 1996 was also the last year that social housing units (in any significant numbers) were completed following the cancellation of provincial programs to build social housing in 1995, and federal programs in 1993. Finally, in 1996 CMHC began to collect comprehensive data on condominium rental units in Toronto, facilitating comparison between condominium rental supply and Primary rental housing.

demolition or de-conversion to owner-occupancy of units in smaller buildings. While the City's policy applies to buildings with 6 or more rental units, CMHC measures the Primary rental supply over all buildings with 3 or more rental units. The City's policies also allow for some exemptions (e.g. conversion of high-rent apartments to condominium tenure). Overall, the year-to-year variations in the total supply of rental housing are not significant.

But when, over time, the overall supply of Primary rental housing does not increase, it means that the rate of completion of new rental units is not adequate to compensate for the normal, annual attrition in the supply of existing rental housing. Unfortunately, this has been the case in Toronto since 1996, as can be seen by comparing the data in Table 3.1 on new rental units constructed since 1996 with the reduced supply of rental units over the same period as shown in Table 2.2.

Condominium Rental Units Play a Small Role

With the significant increase in the number of new condominium buildings constructed in the last decade, it might be assumed that an increasing number of condominium units are being rented out, contributing to an increase in rental housing units (though in the Secondary rental market), which in turn, has contributed to raising vacancy rates in private rental housing (in the Primary rental market) to a 30-year high commencing in 2003 (Figure 5.1). The facts argue otherwise.

First, condominium rental units comprise only about 5% of all rental units (see Figure 2.1). Second, there are fewer rented condominium units in 2005 than in 1996, so any changes in their overall supply have a limited effect on the rental market. Even though, as noted earlier, the number of Primary rental units dropped over the same period, the reductions were greater in the condominium rental market than in the private rental market (4,360 fewer condominium rental units compared to 2,713 fewer Primary rental units).

Though attention tends to focus on the number of building cranes on condominium sites that are visible throughout the City, much less visible are the number of existing condominium rental units that annually revert to owner occupancy. Overall, the number of condominium rental units has been reduced by 13% since 1996.

CMHC categorizes condominium rental units into two types:

- rented condominium units in the Condominium Universe as surveyed by CMHC annually (most condominium rental units are in this category), and
- rented condominium units in the Rental Universe are units in buildings

Table 2.3: Condominium Rental Units in Condominium Universe, Toronto, 1996-2005

Year	Condominium Universe	Condominium Apartment Rental Units	% of Total Condominium Apartment Universe
1996	86,279	29,111	33.5%
1997	89,012	29,196	32.8%
1998	93,125	28,002	30.1%
1999	97,061	27,627	28.3%
2000	103,952	26,911	25.9%
2001	108,270	25,016	23.1%
2002	113,100	25,723	22.7%
2003	123,567	25,069	20.3%
2004	133,150	27,551	20.7%
2005	137,410	27,143	19.8%

Notes:

1. CMHC conducts its Condominium survey each summer. Data is collected through a number of sources, including mail outs to condominium corporations, site visits by enumerators and follow up with property managers.

2. The Condominium Survey excludes any condominiums that are included in CMHC's Rental Market Survey. For the Condominium Survey purposes, stacked townhomes and combined townhome/apartment projects are defined as apartment units and included, but row condominium projects are excluded.

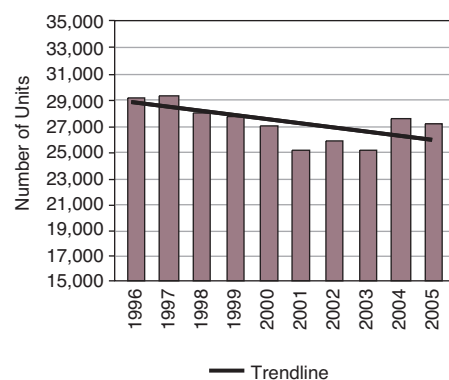
Source: CMHC Condominium Reports, 1996-2005

with condominium registration but where most units are rented.

Table 2.3 details the change in the number of condominium rental units in the Condominium Universe, from 1996 to 2005. Condominium rental units have declined in recent years from the higher numbers in the late 1990s both in terms of the number of units and percentage of total condominium stock. Figure 2.3 illustrates the declining trend line over this period. From the peak year in 1997 of 29,196 units, the reduction by 2005 was 2,053 rental units. In 1996, the rented units represented almost 34% of all condominium units, but by 2005, rented units were slightly less than 20% of the condominium stock (Figure 2.4).

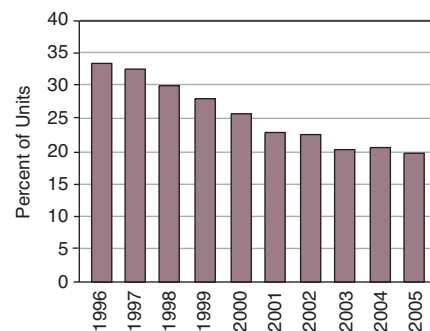
With the significant number of condominium units recently built and currently under construction, the net number of condominium rental units may increase in the near future and return to the levels seen in the mid-1990s. But on a percentage basis, it is clear that condominiums are being built and purchased primarily for ownership, not for rental.

Figure 2.3: Number of Condominium Rental Units in Condominium Universe, Toronto, 1996-2005



Source: CMHC Condominium Reports
See Table 2.3

Figure 2.4: Percent of Condominium Rental Units in Condominium Universe, Toronto, 1996-2005



Source: CMHC Condominium Reports
See Table 2.3

Table 2.4, Figures 2.5 and 2.6 illustrate the small numbers of condominium rental units in the Rental Universe for the period 1996 to 2005, over which the number of such units declined by more than 50%. This suggests that rental buildings registered as condominiums do not represent a new form of rental housing, but rather fill a brief interlude until market conditions prompt selling and owner occupancy of the units.

Table 2.5 brings together both types of condominium rental units for the period 1996 to 2005, showing that, overall, the number of these rented units declined by 13%, or 4,360 units. It is a typical characteristic of the Secondary rental market to revert to ownership when market conditions are favourable.

The real impact of the recent condominium building boom on the rental market, then, has not been to add to the supply of rental units, but to facilitate ownership for renters and potential renters by providing large numbers of condominium units at relatively affordable prices during a time when economic conditions were favourable to homeownership.

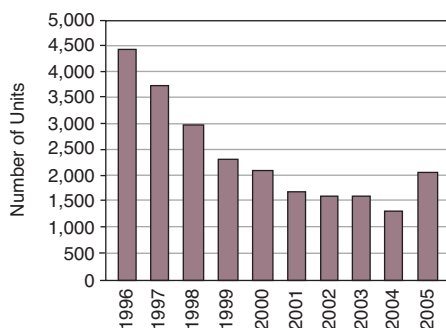
Table 2.4: Condominium Rental Units in Rental Universe, Toronto 1996-2005

Year	Private Apartment Rental Universe	Number of Condominium Apartment Rentals ¹	Percent of Condominiums in Private Apartment Rental Universe
1996	244,873	4,462	1.8
1997	248,904	3,743	1.5
1998	250,247	3,007	1.2
1999	250,440	2,318	0.9
2000	249,679	2,095	0.8
2001	250,996	1,695	0.7
2002	250,451	1,624	0.6
2003	251,366	1,624	0.6
2004	253,414	1,324	0.5
2005	252,319	2,070	0.8

1. Private Apartments with 3+ Units.

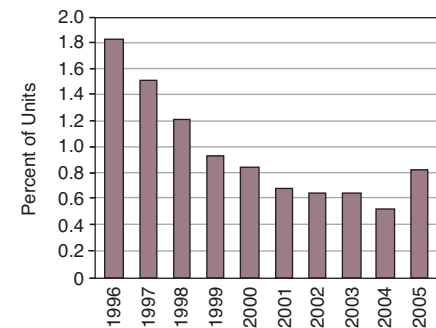
Source: CMHC Rental Market Survey, 1996-2005 and special request to CMHC

Figure 2.5: Number of Condominium Rental Units in Rental Universe, Toronto, 1996-2005



Source: See Table 2.4

Figure 2.6: Percent of Condominium Rental Units in Rental Universe, Toronto, 1996-2005



Source: See Table 2.4

Table 2.5: Combined Condominium Rental Units, Toronto 1996-2005

Type of Condominium	1996	2001	2005	Change 1996-2005	
				Number	Percent
Condo Rentals in Condominium Universe	29,111	25,016	27,143	-1,968	-7
Condo Rentals in Rental Universe	4,462	1,695	2,070	-2,392	-54
Total	33,573	26,711	29,213	-4,360	-13

Source: CMHC Condominium Reports, 1996-2005 and special data request to CMHC

NEW HOUSING CONSTRUCTION

Housing Completions Almost All Ownership

Housing completions for Toronto in recent years have reached and exceeded levels achieved during the housing boom years in the late 1980s, adding to the City's housing supply (Table 3.1 and Figure 3.1).

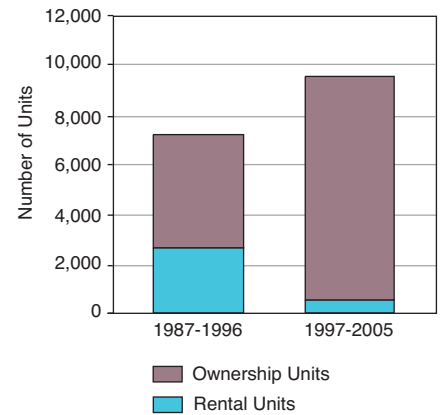
However, Table 3.2 and Figure 3.2 demonstrate that since 1996, 95% of all housing completions have been ownership. On average, 9,552 new residential units were built each year, of which 9,039 were ownership. This contrasts with the preceding 10-year period from 1987-1996, in which 37% of all completions were rental. On average, about 25% fewer housing units were built each year during this earlier period (7,204), of which 4,552 were ownership and 2,652 were rental.

Between these two periods, rental completions plunged by 80% while owner completions increased by almost 100%, creating serious imbalances in the supply of new housing needed to meet the current and future needs of the City's residents.

What kind of rental housing has been built?

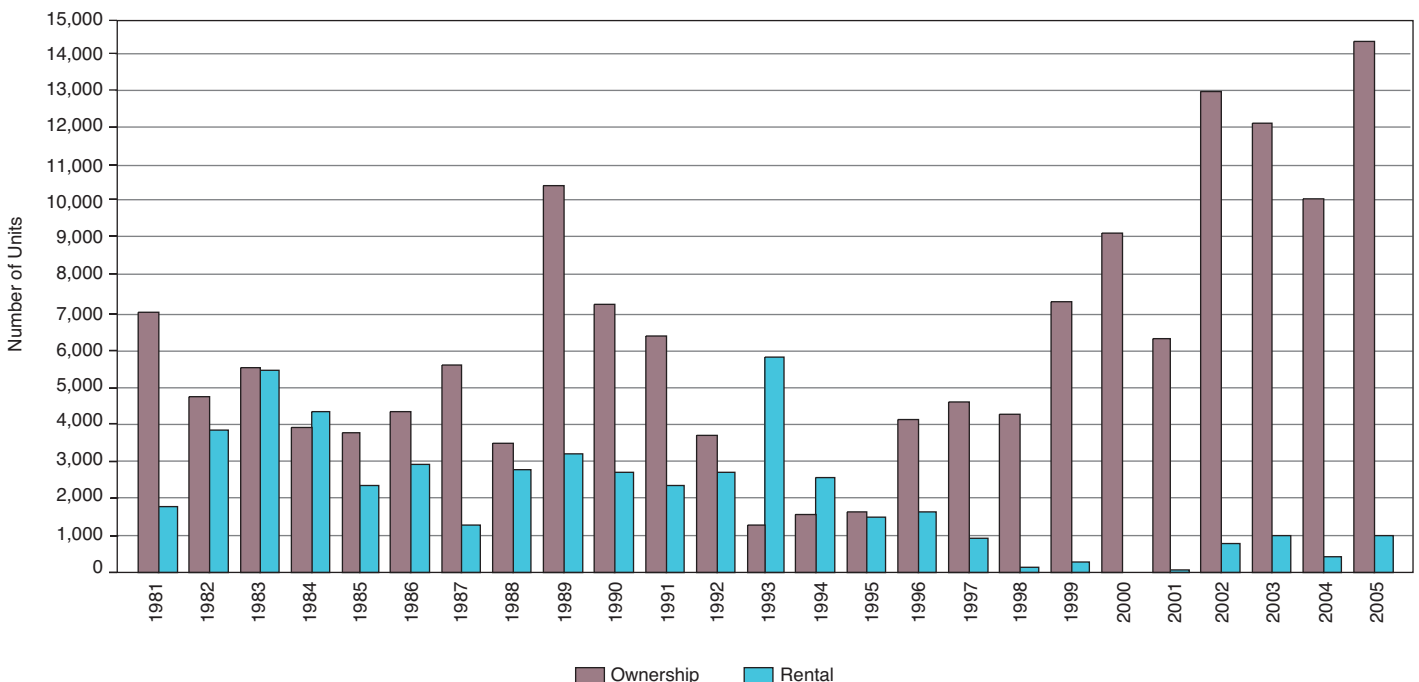
For policy purposes, the City of Toronto is interested in the different kinds of rental housing constructed, as well as in the total amount of rental units built. The breakdown of rental completions into private and assisted rental is useful to track the amount of affordable rental housing being built. Distinguishing between Primary rental housing and condominium-registered 'rental' properties is important to understanding the longer term implications for the rental market as the latter may convert to owner-occupancy at any time.

Figure 3.2: Average Annual Housing Completions, Toronto, 1987-2005



*1987-1996 represents 10 years of data; 1997-2005 represents 9 years of data
Source: See Table 3.2

Figure 3.1: Housing Completions, Toronto, 1981-2005



Source: See Table 3.1

Table 3.1: Housing Completions (Adjusted)¹ Toronto, 1981 - 2005

Dwelling Type	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991
Single Freehold	2,462	1,935	3,597	2,603	2,798	2,645	1,674	1,396	2,083	1,629	998
Semi Freehold	1,172	934	198	102	174	122	160	86	108	72	66
Row Freehold	725	300	36	8	266	127	73	56	139	39	34
Condominium Row	74	73	14	0	6	9	132	0	142	45	6
Condominium Apartment	2,638	1,542	1,692	1,206	549	1,455	3,605	1,912	8,011	5,440	5,327
Life Lease - Row	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Life Lease - Apartment	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Private Rental - Row ²	n/a	n/a	n/a	29	0	0	3	6	0	0	6
Private Rental - Apartment ²	n/a	n/a	n/a	2,057	1,260	1,208	185	1,403	1,010	1,532	737
Assisted Row	n/a	n/a	n/a	204	0	16	0	309	157	48	18
Assisted Apartment	n/a	n/a	n/a	2,075	1,117	1,709	1,101	1,020	2,036	1,134	1,587
Ownership	7,071	4,784	5,537	3,919	3,793	4,358	5,644	3,450	10,483	7,225	6,431
Rental	1,771	3,847	5,476	4,365	2,377	2,933	1,289	2,738	3,203	2,714	2,348
Total	8,842	8,631	11,013	8,284	6,170	7,291	6,933	6,188	13,686	9,939	8,779
% Ownership	79.97	55.43	50.28	47.31	61.47	59.77	81.41	55.75	76.60	72.69	73.25
% Rental	20.03	44.57	49.72	52.69	38.53	40.23	18.59	44.25	23.40	27.31	26.75

1. Life-leases re-categorized as Ownership. Additional publicly funded and Affordable Housing units included. Suite hotel units (35) in 2002 excluded
 2. Private Rental Row & Apartment includes condominium buildings that are more than 50% rented and have a central property management office on-site.
 * n/a = Data not available.
 Source: CMHC *Housing Now* adjusted by City Planning, Toronto

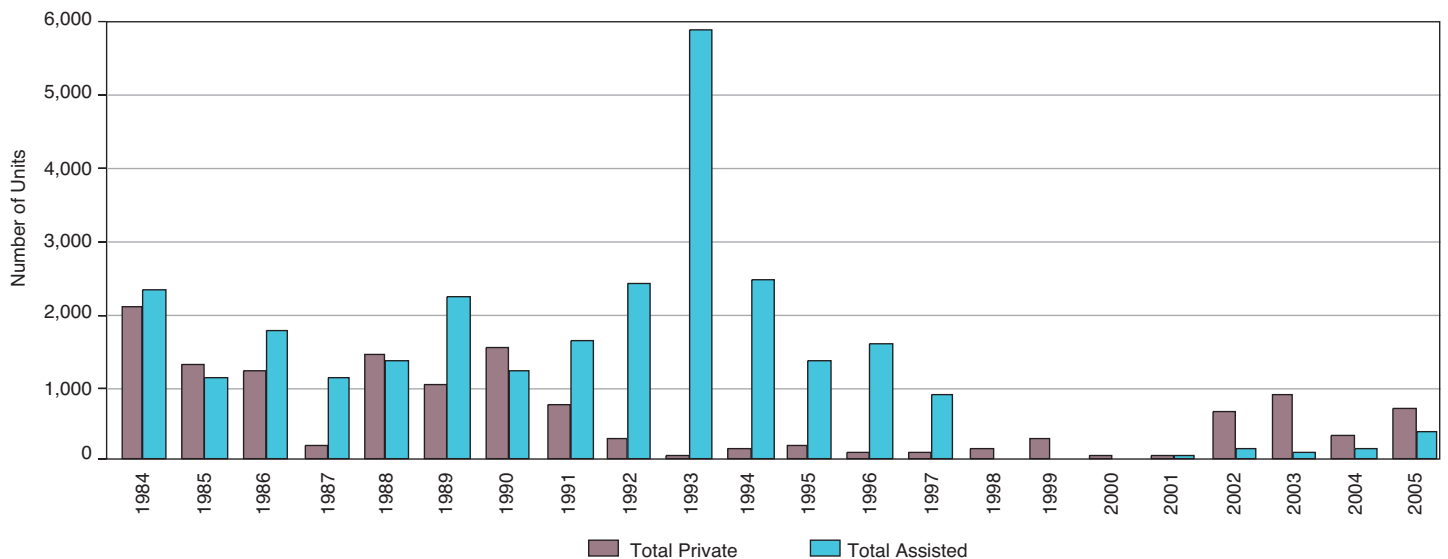
Private and assisted rental housing completions from 1984-2005 are illustrated in Figure 3.3 (this breakdown was unavailable prior to 1984). There was a general balance between both types between 1984 and 1991, but the period after that has been characterized by extremes.

Table 3.2: Housing Completions: Rental/Ownership Summary, Toronto, 1987-2005

	1987-1996 ¹			1997-2005 ²		
	Number of Units	Average Annual Number of Units	Average Percent	Number of Units	Average Annual Number of Units	Average Percent
Rental Units	26,517	2,652	37	4,617	513	5
Ownership Units	45,519	4,552	63	81,352	9,039	95
Total Units	72,036	7,204	100	85,969	9,552	100

1. 1996 rental completions data is included in the 1996 rental universe data, thus the next period for completions begins with 1997.
 2. 1997-2005 represent 9 years data compared to 10 years from 1987-1996.
 Source: CMHC *Housing Now* adjusted by City Planning, Toronto

Figure 3.3: Rental Completions, Private and Assisted, Toronto, 1984-2005



* Breakdown of data into Private and Assisted not available before 1984.
 Source: CMHC *Housing Now* adjusted by City Planning, Toronto

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
736	850	787	739	826	1,016	1,122	1,314	1,203	1,059	1,124	1,759	1,876	1,799
72	54	108	84	132	348	238	546	302	668	406	630	333	440
10	39	57	77	229	386	610	657	798	902	505	764	669	1,321
115	24	25	17	19	394	744	545	330	264	549	292	97	40
2,756	345	554	688	2,943	2,471	1,554	4,127	6,445	3,297	10,352	8,655	7,127	10,769
n/a	n/a	n/a	n/a	n/a	n/a	0	0	0	0	0	0	0	0
n/a	n/a	n/a	n/a	n/a	n/a	0	133	91	120	77	84	0	0
6	4	0	4	6	0	3	6	10	2	24	6	10	51
272	18	132	160	92	94	111	248	20	37	594	875	284	623
35	100	75	5	90	5	0	0	0	0	0	0	0	0
2,368	5,734	2,368	1,303	1,453	856	0	0	0	51	131	90	132	354
3,689	1,312	1,531	1,605	4,149	4,615	4,268	7,322	9,169	6,310	13,013	12,184	10,102	14,369
2,681	5,856	2,575	1,472	1,641	955	114	254	30	90	749	971	426	1,028
6,370	7,168	4,106	3,077	5,790	5,570	4,382	7,576	9,199	6,400	13,762	13,155	10,528	15,397
57.91	18.30	37.29	52.16	71.66	82.85	97.40	96.65	99.67	98.59	94.56	92.62	95.95	93.32
42.09	81.70	62.71	47.84	28.34	17.15	2.60	3.35	0.33	1.41	5.44	7.38	4.05	6.68

Table 3.3: Rental Completions Details, Toronto, 2000-2005

Year	Private Rental Units (Purpose Built)	Assisted Rental Units	Primary Rental: Private + Assisted Rental	Rented Condominium Units ¹	Total All Rental Units
2000	9	0	9	21	30
2001	39	51	90	0	90
2002	41	131	172	577	749
2003	153	90	243	728	971
2004	135	132	267	159	426
2005	381	354	735	293	1,028
Total	758	758	1,516	1,778	3,294

1. These rented condominium units are in buildings counted by CMHC as private rental completions because the intent was to rent them at initial occupancy.
Source: Table 3.2 further adjusted by City Planning to identify those rental properties that are condominium registered.

From 1992 to 1997, assisted rental completions dominated. Very little rental housing at all was built between 1998 and 2001. Since 2002, the number of rental completions has picked up slightly, and private rental dominates the completions.

Since 2000, the City has further analyzed rental completions data on an annual basis to track the annual production of assisted housing and to understand the dynamics within the private rental stock. Table 3.3 shows the number of new rental units that are Primary rental housing, and those that are in condominium-registered 'rental' buildings, and also shows the breakdown of private and assisted rental units.

Table 3.4: Average Annual Completions, Toronto, 2000-2005

	Number of Units	Percent of Units
Private ¹	423	77
Assisted	126	23
Total	549	100
	Number of Units	Percent of Units
Primary Rental ²	253	46
Condominium Rental	296	54
Total	549	100

1. Private Rental completions consist of Private Rental plus Rented Condominium units.
2. Primary Rental completions consist of Private and Assisted Rental units.
Source: See Table 3.3

Table 3.4 analyzes the same rental completions data on an annual average basis in two different ways: comparing Primary rental to condominium rental, and private to assisted rental. On average, 549 rental units have been completed each year since 2000, a very low number compared with earlier periods

in the 1980s and early 1990s. Just under half of those (253 units) were Primary rental housing, with the remainder being in buildings registered as condominium. Overall, private rental continues to dominate the completions at 77%, with assisted rental representing 23% of newly built rental units.

SNAPSHOT OF PRIMARY RENTAL HOUSING SUPPLY: 2005

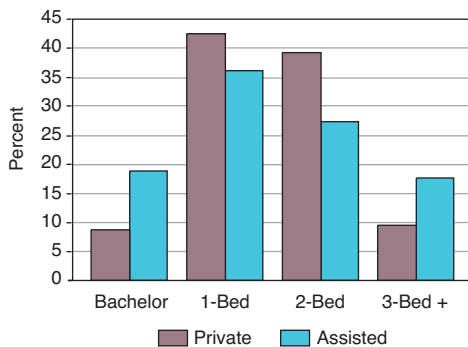
Rental Unit Types

Table 4.1 and Figure 4.1 illustrate the composition of private rental and assisted rental stock respectively, by unit type (bedroom count) in 2005. One- and two-bedroom units represent over 80% of the private rental stock, and 63% of the assisted rental stock. Assisted housing has about double the proportion of bachelor units and three-bedroom units than the private rental market, in part because of its seniors housing and its commitment to provide affordable housing for families.

Rent Categories

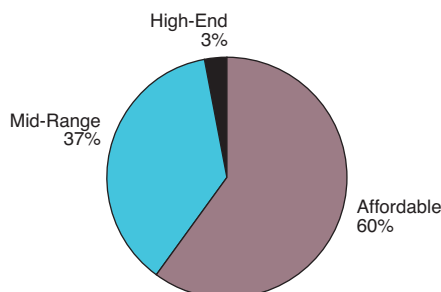
Rents are classified into three categories for housing policy purposes. Rents are considered Affordable if they do not

Figure 4.1: Private and Assisted Rental Units by Type, Toronto, 2005



Source: See Table 4.1

Figure 4.2: Private Rental Units by Rent Category, Toronto, 2005



Source: See Table 4.2

Table 4.1: Private and Assisted Rental Units by Type¹, Toronto 2005

Unit Type	Private		Assisted	
	Number of Units	Percent of Units	Number of Units	Percent of Units
Bachelor	22,416	9	17,079	19
1-Bed	109,405	43	32,938	36
2-Bed	100,724	39	24,972	27
3-Bed +	24,435	10	16,179	18
Total	256,980	100	91,168	100

1. Includes Apartment and Row Units.
Source: CMHC 2005 Rental Market Survey

Table 4.2: Private Apartment and Row Units by Rent Category, Toronto 2005

Private Apartments				Private Rows		
Unit Type	Number of Units	Percent of Units	Unit Type	Number of Units	Percent of Units	
Bachelor						
All	22,416	100.0				
Affordable	\$726 or less	10,231				
Mid-Range	\$727 to \$1,089	11,597				
High-End	\$1,090 or more	588	Bachelor and 1-Bed ¹	24		
1-Bed						
All	109,381	100.0				
Affordable	\$889 or less	62,032				
Mid-Range	\$890 to \$1,334	45,345				
High-End	\$1,335 or more	2,004				
2-Bed						
All	99,705	100.0	2-Bed			
Affordable	\$1,060 or less	64,556	All	1,019	100.0	
Mid-Range	\$1,061 to \$1,590	31,522	\$1,065 or less	449	44.1	
High-End	\$1,591 or more	3,626	\$1,066 to \$1,598	554	54.3	
			\$1,599 or more	16	1.6	
3+-Bed						
All	20,818	100.0	All	3,618	100.0	
Affordable	\$1,265 or less	13,915	\$1,281 or less	2,060	57.0	
Mid-Range	\$1,266 to \$1,898	5,601	\$1,282 to \$1,922	1,435	39.7	
High-End	\$1,899 or more	1,302	\$1,923 or more	123	3.4	
Total²						
All	252,319	100.0	All	4,661	100.0	
Affordable	150,734	59.7	Affordable	2,510	54.1	
Mid-Range	94,066	37.3	Mid-Range	1,989	42.9	
High-End	7,520	3.0	High-End	139	3.0	

1. 24 Row units are Bachelor or 1-Bed Units but rent details are suppressed due to sample size.
2. Data may not add to totals due to rounding.
3. Total of 4,661 includes 24 bachelor and 1-bed units, but those are excluded from rent category numbers.
Source: Special request to CMHC

exceed the average market rent by unit type, as surveyed by CMHC annually. Mid-range rents are above that level but less than 1.5 times the average market rent. High-end rents are those at or above 1.5 times average market rent.

Table 4.2 details the number of private rental units of each unit type in 2005 in these three rent categories. Figure 4.2 illustrates this overall composition: 3% of all rental units are High-end, 37% are in the Mid-range, and 60% are in the Affordable rent range.

Age and Size of Rental Buildings

Toronto's rental stock is aging and the rate of new rental construction is low enough that the overall profile of rental apartments will get older. Ninety percent of all private rental apartment units are in structures built before 1975, placing the youngest of these buildings at 30 years. Almost 30% of all apartment units are more than 45 years of age. (Table 4.3)

The size of structures housing Toronto's private apartment units is quite varied, which is indicative of the very prominent role that rental housing has played historically in meeting the needs of the City's residents. (Most private rental housing is in apartments; less than 2% of units are in row housing form.) Rental housing of all shapes and sizes has been provided over many years, in many neighbourhoods and on main streets, under varying market conditions and zoning permissions. Table 4.4 shows that while the single largest number of units (36%) are in structures of 200 or more units, 23% are in structures with fewer than 50 units.

Though only 4% of rental units are in buildings with 3 to 5 units, these 3-5 unit buildings comprise a surprising 40% of all private rental apartment

Table 4.3: Private Apartment Rental Units by Age, Toronto 2005

Age of Construction	Number of Units	Percent of Units
Pre-1940	19,613	8
1940-1959	53,015	21
1960-1974	154,969	61
1975-1989	19,703	8
1990+	4,959	2
Units with age unknown	61	0
Total¹	252,320	100

1. Total number of units does not add to CMHC's Rental Universe number for private apartment units due to rounding.
Source: Special request to CMHC

Table 4.4: Private Apartment Rental Units by Size, Toronto 2005
Size of Building by Number of Units¹

Size of Building	Number of Units	Percent of Units
3 to 5	10,282	4
6 to 19	18,841	7
20 to 49	30,504	12
50 to 99	40,834	16
100 to 199	60,173	24
200+	91,688	36
Total²	252,322	100

1. CMHC does not survey properties with only 1 or 2 rental units. These are considered to be the Secondary rental market.
2. Total number of units does not add to CMHC's Rental Universe number for private apartment units due to rounding.
Source: Special request to CMHC

Table 4.5: Private Apartments, Average Rents and Vacancy Rates, Toronto 2005

Unit Type	Average Rent (\$)	Vacancy Rate (%)
Bachelor	726	4.3
1-Bedroom	889	3.8
2-Bedroom	1,060	3.6
3-Bedroom +	1,265	3.4
All Units	972	3.7

Source: CMHC 2005 Rental Market Survey

buildings, according to data provided separately by CMHC. These small rental properties are not subject to the City's policies protecting rental housing from demolition and conversion. This could pose a challenge to the City's goal of encouraging vibrant communities with a full range of housing, to the extent that some will be in neighbourhoods where rising real estate values create pressure to redevelop the site or to convert it to ownership.

Average Rents and Vacancy Rates

Average rents, vacancy rates and their relationship are discussed further below in the section "Rental Housing

Demand". Vacancy rates represent the percentage of private rental apartments that are vacant and available to rent at the time of CMHC's annual Rental Market Survey.

Table 4.5 offers a snapshot from October 2005 of average rents and vacancy rates for each unit type by bedroom size. There was not a large variation in vacancy rates between the unit types in 2005, but not surprisingly, the lowest vacancy rates were for apartments with 3 or more bedrooms, a unit type in scarce supply.

RENTAL HOUSING DEMAND

From a focus on rental housing supply and its characteristics, this section switches to an examination of factors that influence or are indicative of the short-term demand for rental housing. Over the long-term, demographic factors and overall economic conditions affecting Toronto's growth will have the biggest impact on future housing demand, and the proportion of households who will be renters or owners. The demographic component is documented in *Flashforward Addendum: Projecting Rental Demand to 2031 July 2006*, and *Perspectives on Housing Tenure July 2006*.

Short-term factors such as variations in the number of new immigrants, employment rates and mortgage interest rates can have a cyclical impact on the number of households looking to rent. This section looks at vacancy rates, average rents, and the affordability of rental housing. Vacancy rates express the short-term relationship between the supply of available private rental apartments and the number of renter households and their needs. Rent levels, the pace of rent increases and the relationship between rents and incomes have a significant impact on the number of renter households, especially young people and recent immigrants, looking for their own rental accommodation.

Vacancy Rates: Changes in Rental Housing Availability

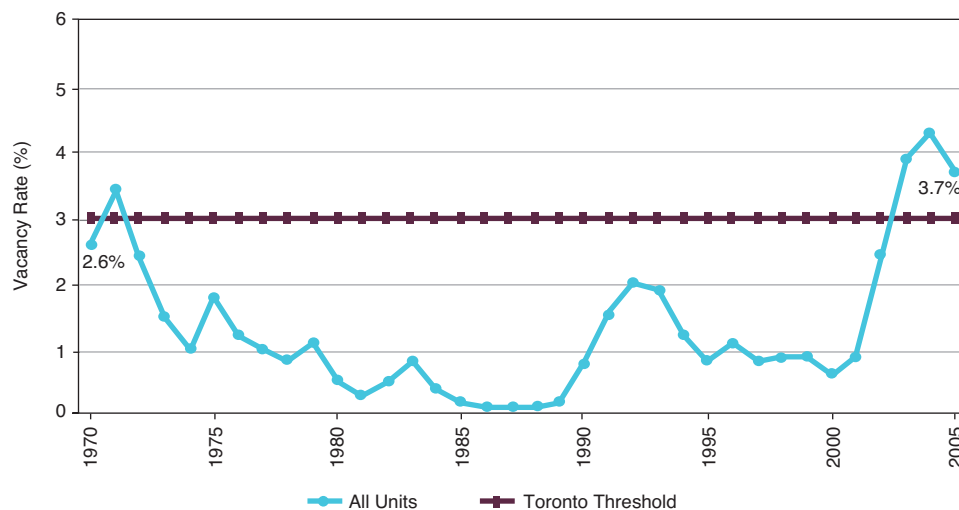
Vacancy rates in 2003 for private rental apartments rose above 3% for the first time since 1971 (Figure 5.1), as surveyed annually by CMHC. For most of the previous 35 years, Toronto has

experienced persistently very low vacancy rates, which limited the availability and choice of rental accommodation for tenants, and put constant upward pressure on rents.

Vacancy rate thresholds are often used by governments for housing policy purposes, as lower levels are an indication of very limited supply of rental housing with resulting rent increases that add to affordability problems for tenants. For policy purposes, the City has set 3% as the vacancy rate

threshold, which, in combination with other factors affecting rental housing, are to be included in assessing the health of rental housing supply and availability. Of course, the match up of supply and demand is more complex than a numerical vacancy rate, since location, size and suitability of the accommodation, and most importantly, affordability of the apartment affect the individual choices made by renter households².

Figure 5.1: Private Rental Apartment Vacancy Rate, Toronto, 1970-2005



Source: CMHC Rental Market Survey, 1970 through 2005

Table 5.1: Average Rents and Vacancy Rates¹, Toronto 1996-2005

Year	Average Rent		Vacancy Rate
	All Units	2-Bed Units	
1996	\$743	\$817	1.1%
1997	751	821	0.8
1998	804	882	0.9
1999	845	924	0.9
2000	907	984	0.6
2001	951	1,039	0.9
2002	976	1,055	2.4
2003	961	1,045	3.9
2004	973	1,061	4.3
2005	972	1,060	3.7

1. Private Apartments
Source: CMHC's Rental Market Survey, 1996 through 2005

2. A more detailed analysis of these dimensions of housing need and affordability constraints is provided in *Perspectives on Housing Tenure*, and *Perspectives on Housing Affordability*.

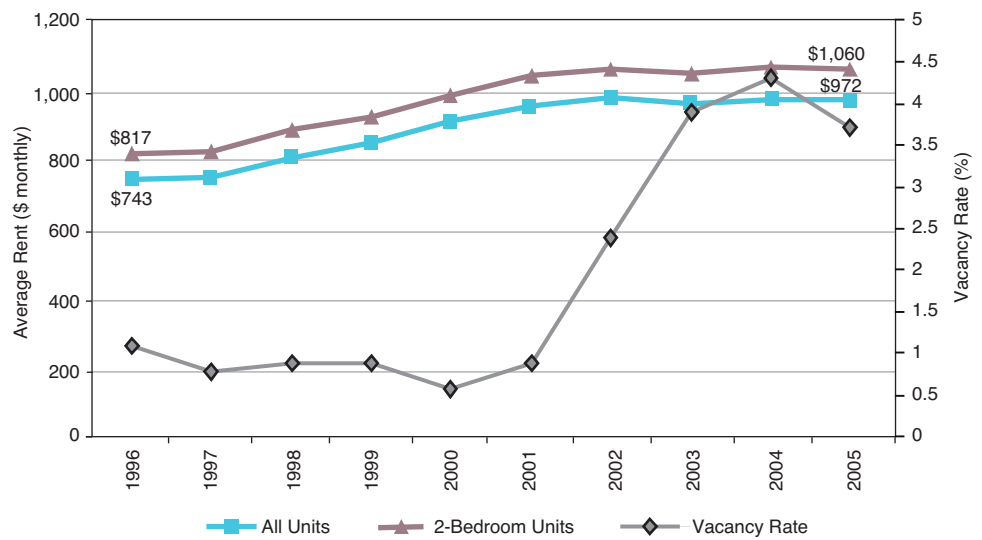
The more moderate vacancy rates seen in the last several years (3.7% - 4.3%) have resulted in more choice for tenants, and average rents which have remained essentially flat since 2002 (Table 5.1). CMHC pointed out in its 2005 Rental Market Report that vacancy rates in Toronto had started to trend downward again, and a further small decline was forecast for 2006. Thus, these moderate vacancy rates may be a short term occurrence. CMHC cited increased rental demand from an expected stronger inflow of immigrants into Toronto, a low rate of new rental completions and easing demand for homeownership as factors in the lowering of vacancy rates.

Figure 5.2 illustrates the relationship between vacancy rates and rent increases from 1996 to 2005. Prior to 2003 when vacancy rates were very low, average rents continued to climb as vacant units were in short supply. Since 2003 when vacancy rates first exceeded 3%, rents have remained flat. Although the sharp increase in the supply of vacant rental units began after 2001, it is interesting to note that average rents did not decline in response, as conventional market 'supply and demand' thinking might have suggested. It may be that these more moderate vacancy rates have lasted for too short a duration to have a significant impact on rent levels.

Toronto Rents Outpace Inflation

Though average rents have remained essentially flat since 2002, due to the unusual (for Toronto) moderate vacancy rates, over the longer term, rents have persistently risen at a faster rate than inflation. Table 5.2 and Figure 5.3 illustrate the percent increase in the average 2-bedroom apartment rent since 1991 compared to the rate of inflation. By 2005, the cumulative

Figure 5.2: Average Rents and Vacancy Rates, Toronto, 1996-2005



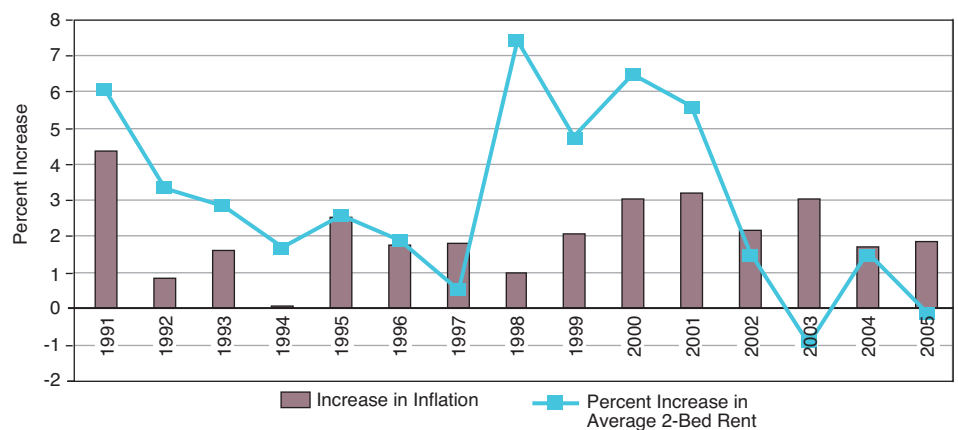
Note: Rents are in current dollars.
Source: See Table 5.1

Table 5.2: Comparison of Inflation and Rent Increases for Private 2-Bed Apartments, Toronto, 1991-2005

Year	Rate of Inflation (%)	Average Rent (\$)	Average Rent Increase (%)
1991	4.3	724	6.0
1992	0.9	748	3.3
1993	1.6	769	2.8
1994	0.1	782	1.7
1995	2.5	802	2.6
1996	1.7	817	1.9
1997	1.8	821	0.5
1998	1.0	882	7.4
1999	2.0	924	4.8
2000	3.0	984	6.5
2001	3.1	1,039	5.6
2002	2.1	1,055	1.5
2003	3.0	1,045	-0.9
2004	1.7	1,061	1.5
2005	1.8	1,060	-0.1

* The 1990 average 2-Bed rent was \$683
Source: CMHC Rental Market Survey, 1991-2005, Toronto CMA Consumer Price Index

Figure 5.3: Percent Increase in Average 2-Bed Apartment Rents vs Inflation, Toronto, 1991-2005



Source: See Table 5.2

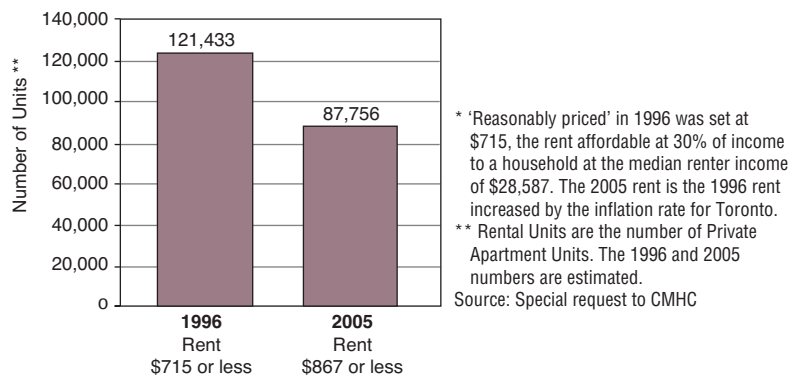
impact was that rents had increased by one-and-one-half times the rate of inflation (46% compared to 30%). A comparison more typical of Toronto's previous 30-year experience with lower vacancy rates is the period until 2002, during which rents rose at about twice the rate of inflation (46% compared to inflation of 22%).

Another perspective on the impact of rising rents, even when inflation is taken into account, can be obtained by comparing the number of apartments renting at a 'reasonable price' in 1996 to the estimated number of similar units in 2005, after inflating the rent by the Consumer Price Index for Toronto. For this purpose, a rent of \$715 was identified as affordable to a household at the median renter household income in 1996, assuming that 30% of income is paid for rent. The comparable rent in 2005, after allowing for inflation, is \$867. There were over 121,000 'reasonably priced' rental units in 1996, but by 2005, there were 28% fewer such units; just under 88,000. Figure 5.4 shows the impact that this 'rent creep' has had on the quantity of reasonably priced accommodation.

Affordability – Incomes and Rental Costs

Toronto is one of Canada's most expensive cities to live in, and it is generally accepted that housing costs are high. The previous section examined afford-

Figure 5.4: Reduction in Number of 'Reasonably Priced'* Rental Units, Toronto, 1996-2005



ability from the perspective of price value in the rental stock.

How affordable are these rents, and what is the impact on people? Changes to incomes and the link to housing costs are examined in more detail in Perspectives on Housing Affordability, July 2006. Among the findings of this report is the observation that changes to tenant incomes and rents in the 1981-91 period were closely linked, but through the 1996 and 2001 periods, a wide affordability gap emerged as rents rose faster than inflation while tenant incomes declined.

Another measure of affordability examined in the report is the number and percent of households paying 30% or more of household income on shelter, and changes in those numbers over time. Figure 5.5 is taken from this report, and illustrates these changes from 1981 to 2001. Twice as many renters as owners in Toronto pay 30% or more of their income on shelter, 43% and 22% respectively, as of 2001.

Almost 200,000 renter households are in this category.

The number of households paying 50% or more of income on shelter is an indicator of deeper affordability problems, considered by housing analysts as carrying a greater potential risk of homelessness.

Table 5.3 and Figure 5.6 show households paying 50% or more of their income on shelter, for the period 1981-2001, though data for owners in 1981 and 1986 is not available. For renter households, the numbers and percent increased steadily but in small steps from 1981-1991. There is no comparable data to show whether the number and percent of owners increased during this same period. But the number of renters with serious affordability problems increased sharply by 1996, from 15% of all tenant households in 1991 to 23% in 1996, before edging down slightly to 21% in 2001. In contrast, the number of owners paying 50% or more has been relatively stable: from

Table 5.3: Households Spending 50% or More of Their Income on Shelter, Toronto, 1981-2001

	All Households			Owners			Renters		
	# of Hhds	% of All Hhds	Total Hhds	# Owner Hhds	% of All Owner Hhds	Total Owner Hhds	# Renter Hhds	% of All Renter Hhds	Total Renter Hhds
1981	n.d.	n.d.	770,790	n.d.	n.d.	394,100	48,975	13	376,690
1986	n.d.	n.d.	810,485	n.d.	n.d.	412,265	55,380	14	398,220
1991	99,255	12	855,235	32,840	8	413,985	66,415	15	441,250
1996	145,530	16	898,540	39,235	9	428,200	106,295	23	470,340
2001	136,770	15	937,670	41,015	9	477,920	95,755	21	459,750

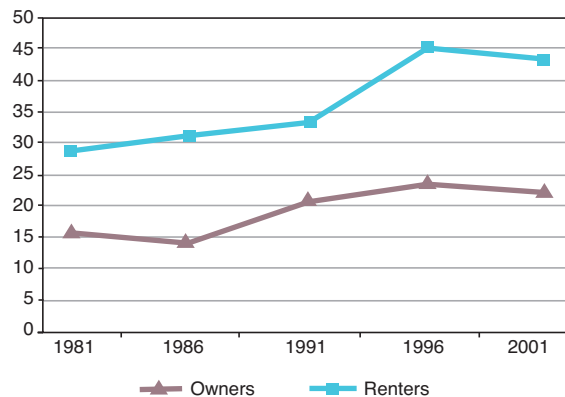
*n.d. - data not readily available.
 Source: Statistics Canada, Census 1981-2001

8% in 1991 to 9% in 1996, where it remained in 2001. Almost two and a half times as many renters as owners (95,755 compared to 41,015) are paying 50% or more of their income on shelter as of 2001. (Table 5.4).

In summary, while housing affordability has changed, it is largely renters who have experienced a significant erosion of affordability in recent years.

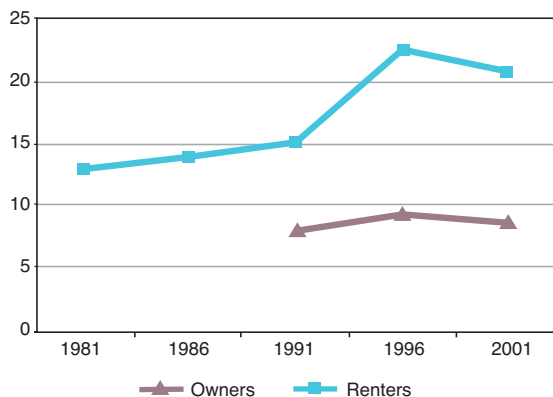
The stock of rental housing has become significantly more expensive relative to inflation since 1991, and the number of 'reasonably priced' private rental units has fallen. The number and percentage of tenants paying a high percentage of household income on rent also rose significantly after 1991.

Figure 5.5: Percent of Households Spending 30% or More of Household Income on Shelter, Toronto, 1981-2001



For further information refer to *Perspectives on Housing Affordability*, Table 4, July 2006
Source: Statistics Canada, Censuses 1981 through 2001

Figure 5.6: Percent of Households Spending 50% or More of Household Income on Shelter, Toronto, 1981-2001*



* Owner data not readily available from 1981-1986
Source: Statistics Canada, Censuses 1981 through 2001

Table 5.4: Households Spending 30% or 50% or more of Income on Housing by Tenure, 2001

	All Households	30% or more		50% or more	
		Number	Percent	Number	Percent
Owners	477,910	106,215	22	41,015	9
Renters	459,750	198,470	43	95,755	21

Source: Statistics Canada, 2001 Census

CONCLUSION

The stability and future of the rental housing stock will continue to be a key issue for the City of Toronto, posing some important policy challenges. With the expected population growth, Toronto will need to house new renters. By 2031 the number of renter households is projected to grow by about 93,000, an increase of about 20% over 1996³. Yet there has been no net increase in rental housing for the last decade. For the last 30 years, renters and owners have each represented about half of the population. While the small percentage of the GTA's rental units that are outside Toronto should be increased to create a better tenure balance, the City will remain the location for a large majority of the region's rental housing for the foreseeable future.

The City's employment and growth prospects depend on maintaining a balance of rental and ownership housing, with the widest possible range of affordability and choice. Over time, affordability for renters has eroded since the late 1980s, and homeowners have been the beneficiaries of the increased choice in the range of housing provided by steady growth in construction for ownership.

The recent changes in the rental market are likely the product of a short-term market cycle that facilitated a growth in ownership housing at the same time as other rental demand factors, such as immigration levels and young people setting up households, temporarily declined. The effect in the last several years has been that tenants on average experienced rents remaining flat, and a greater number of vacant apartments created some choice in

accommodation. This stands out against the experience of the previous 30 years when rents increased significantly and vacancies were few, but the situation may have already begun to reverse itself. Without increases in rental supply, it is unlikely that the short term vacancy situation could become a long term trend.

Toronto has a significant percentage of assisted (or social) housing at 20% of all rental units. Protecting and renewing this stock is important. Government funding for new affordable housing is once again available after a hiatus, though guaranteed for only a few more years. Toronto cannot meet its affordable housing needs unless the private market also produces housing for a greater range of affordability. Increasing the rate of construction of new private rental as well as new assisted rental housing will be necessary if the net supply of rental housing is to increase. At the same time, Toronto cannot afford to lose its existing Primary rental stock, which provides the stable base to meet future needs.

Toronto's Official Plan housing policies respond to these needs. Existing Primary rental housing is protected from conversion or demolition, while priority for funding assistance and other incentives and regulatory measures is geared to produce both new rental housing and new affordable housing. Large new residential developments are expected to provide a portion of the housing at affordable rents or prices. And guiding all planning approvals is an overarching policy to provide and maintain a full range of housing within neighbourhoods and across the City in terms of form, tenure and affordability.

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