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Delivering the Housing
Ontario Needs



AUGUST 2025



United Way
Greater Toronto



**Co-operative Housing
Federation of Canada**



Land Acknowledgement

United Way Greater Toronto and the Co-operative Housing Federation of Canada humbly acknowledge that they operate on the traditional territory of many Indigenous nations, such as the Wendat, Anishnaabeg, and Haudenosaunee. We recognize and uphold the rights of Indigenous communities, acknowledging the ancestral and unceded territories of the First Nation, Inuit and Métis peoples throughout Turtle Island. We recognize that the Greater Toronto Area is covered by several treaties, such as Treaty 13 with the Mississaugas of the Credit First Nation and the Williams Treaties with seven First Nations, including the Chippewas of Georgina Island. The Co-operative Housing Federation of Canada works and represents housing co-operatives across the country whose homes are located in the traditional territories of many First Nations, Métis and Inuit peoples. We respect Indigenous teachings and commit to fulfilling our obligations to the land and one another. Our commitment is grounded in the principles of Truth and Reconciliation and the United Nations Declaration on the Rights of Indigenous Peoples.

Partners



The Co-operative Housing Federation of Canada (CHF Canada) is the national voice of co-operative housing, representing 2,200 housing co-operatives, home to a quarter of a million people in every province and territory. Co-operative housing is a well-documented success story. For over 50 years, co-ops have provided good quality, affordable housing owned and managed by the community members who live there. Our organization remains committed to being a key partner in increasing affordable housing across Canada through the construction and growth of new co-op homes.

chfcanada.coop



As the largest non-government funder of community services in the GTA, United Way Greater Toronto reinforces a crucial community safety net to support people living in poverty. United Way's network of agencies and initiatives in neighbourhoods across Peel, Toronto and York Region works to ensure that everyone has access to the programs and services they need to thrive. Mobilizing community support, United Way's work is rooted in groundbreaking research, strategic leadership, local advocacy and cross-sectoral partnerships committed to building a more equitable region and lasting solutions to the GTA's greatest challenges.

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For 25 years, SHS has been at the heart of housing transformation in Canada. We see housing not just as a basic need but as a fundamental right, integral to individual and community well-being. Our work across the housing system is focused on three key practice areas: Development, Innovation, and Policy. Through these areas of work, we help our public, non-profit, and private sector clients answer complex questions about the housing needs in their communities, build social purpose real estate, and envision alternative futures for their organization.

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Table of Contents

Foreword: Building a Plan for Ontario	8
Executive Summary	11
Establishing Common Ground	18
Housing in Ontario Today	22
A Vision for the Future	42
Transforming the System	56
Moving Forward	64
Appendix A: Key Milestones and Costs	66
Appendix B: Additional Methodology	73
Appendix C: Endnotes	90

Foreword

Building a plan for Ontario

Ontario's housing system is failing to meet the needs of its residents. As housing costs continue to rise while incomes lag behind, more people are struggling to find a safe, stable and affordable place to live. Those experiencing or at risk of homelessness are finding themselves in more desperate circumstances with fewer options to become permanently housed. And Indigenous and other structurally disadvantaged communities face steep challenges as they contend with both a higher prevalence of housing need and the added impact of systemic barriers to housing.

Still, there have been emerging signs of progress — promising developments like surplus government lands earmarked for affordable housing and the resurgence in support for using acquisition to expand and protect existing affordable housing. The challenge has been that these initiatives have been too piecemeal or small in scale to change the tide.

We can still make up for lost time. If we take decisive steps to transform our approach, we can grab hold of a once-in-a-generation opportunity to build the housing we need, which is the housing most Ontarians can actually afford.

This plan — informed by leading experts, data and research, and direct engagement with interested parties across and beyond the housing sector — builds on growing momentum across the country, recognition that non-profit and co-operative housing providers are crucial to any housing solution and that they must be brought from the periphery of Ontario's housing system to the centre.

This report provides a blueprint for that shift. The plan:

- Quantifies Ontario’s projected housing needs for low- and moderate-income households over the next decade, demonstrating the urgent scale of action required.
- Outlines the critical shifts needed to build a housing system that truly meets the needs of Ontarians and provides clear recommendations to drive this transformation.
- Challenges outdated assumptions about housing policy and enlists government’s leadership, coordination and strategic investment to empower non-profit and co-op housing providers to make the unique contribution to solving this intractable issue that only they can through delivering affordable, community-driven housing, protected from market speculation and ensuring long-term stability for low- to moderate-income households.

The affordable housing crisis is deepening and without bold action will have real consequences for residents. Ontario has a responsibility to build a housing system that works for everyone — a system that ensures people today and future generations can count on safe, stable and affordable housing. The solutions are here. The time for action is now. And this plan provides the path forward.



Heather MacDonald
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JANE STREET HUB

1541
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Executive Summary

Too many people are without safe, stable and affordable housing

Housing, we know, is far more than structures, roofs or walls. Housing is homes. Housing is health and stability. Housing is foundational to our ability to shape a good life: to get an education, to find gainful employment, to build a family and to contribute to our communities.

Yet rising costs and the declining availability of housing stock and housing choices, coupled with stagnating incomes, have left too many people without safe, stable and affordable homes. High rates of core housing need, particularly among renters, single-earner households, Indigenous households and those disproportionately affected by structural barriers, are not being met with relief. Instead, deeply affordable and supportive housing options are shrinking, driving up waitlists, pushing more people into homelessness, contributing to socio-economic challenges and heightening inequalities.

Beyond the personal cost to individuals, families and communities, this lack of housing is also straining our healthcare, justice and social service systems. And while these issues are widespread, they also vary by region, where urban, rural, northern and remote communities face unique challenges.

We are at a breaking point.

We cannot rely on market forces alone

The disconnect between the housing we have and the housing we need is our collective failure, the result of decades of inaction and policy and investment choices that have heavily relied on the private market, with the unfair and unreasonable expectation that it can provide homes for all of Ontario's households. Meeting Ontario's affordable and deeply affordable housing needs is not the private market's mandate, nor has it ever been.

Meanwhile, non-profit, co-op and other community-driven housing providers who have a clear mission to deliver affordable, deeply affordable and supportive housing have been relegated to the sidelines. In fact, Canada is far behind our OECD peers, with non-profit and co-op housing only accounting for about 3.5% of housing, compared to the OECD average of 7%.^[1,2]

Constrained by insufficient and inconsistent government funding, these providers have eked out modest success but have not been able to bring the full force of their expertise to bear nor operate at the scale possible and required.

Meeting the housing needs of Ontarians requires nothing less than a transformational change. In partnerships. In focus. In ambition. And most of all in leadership and investment. Taken together, these elements of change are the makings of a solution that can help unlock the potential for affordable and deeply affordable housing in Ontario.

The challenge before us is significant. And the Province has responded, making a commitment to build 1.5 million homes by 2031. Already though, it has become painfully clear that we are not on track to meet that goal, not if we rely on market forces alone. Non-profit, co-op and other community driven housing providers are a crucial part of the equation that so far, has been largely missing, absent from the Province's sub-targets. These providers can fill the gap and create the affordable, deeply affordable and supportive housing people need and that the private sector on its own does not reach. This plan builds on growing momentum across the country, echoing calls from Scotiabank, the Canadian Housing and Renewal Association, and the Office of the Federal Housing Advocate, among others, to double Canada's non-profit and co-op housing stock.^[3,4,5]

We cannot afford to wait any longer. The cost of inaction is too great. Every year billions are spent managing the fallout of housing failure — on shelters, emergency response, hospital visits and other public systems. A study by the Canadian Observatory on Homelessness in 2016 estimated homelessness costs the Canadian economy \$10 billion per year, while nearly \$1 billion is spent annually on emergency shelters in Ontario.^[6]

But a better future is possible if we re-set the frame from reactionary spending to investing in real solutions that help Ontarians find pathways out of homelessness and core housing need.

Bold leadership, investments, and a dramatic shift in approach are needed to meet ambitious affordable and deeply affordable housing targets

Moving from Ontario's current housing crisis to a future without homelessness or core housing need demands clear leadership, bold investment and a dramatic shift in approach. Based on population growth projections and anticipated need among low- and moderate-income households, the following targets demonstrate the change we need to see by 2035, balancing both the urgency of today's housing conditions with realistic forecasts of the time it will take to get there:

TARGET 1

Create 805,000 deeply affordable housing units for households with low incomes.

Target 1 calls for 805,000 deeply affordable housing units. Included in this target are 255,000 newly constructed non-profit and co-operative units, including 93,000 newly constructed supportive housing units and at least 55,000 newly constructed off reserve units developed by and for Indigenous households. The remaining 550,000 units are met through portable housing benefits that are applied to private market units.

TARGET 2

Create 145,000 moderately affordable units for households with moderate incomes.

Target 2 calls for 145,000 moderately affordable units to support the moderate-income households whose needs cannot be met through private market supply. This includes at least 12,000 units for Indigenous households.

TARGET 3

Acquire, repair and maintain 225,000 units to prevent the further loss of affordable units.

Target 3 calls for the acquisition, repair and maintenance of 225,000 units to prevent the erosion of housing affordable to low- and moderate-income households. This includes the acquisition of 80,000 naturally occurring affordable units in the private market by non-profit and co-op housing providers, and the rehabilitation and repair of an additional 145,000 existing non-profit, co-op, and affordable units.

Transforming the System

System transformation to achieve critical long-term targets is possible. The following three **system change pillars** offer a path forward.

PILLAR 1

A Tangible Shift towards Non-Profit and Co-op Housing

We must move beyond ineffective reliance on market forces and strategically invest in deeply affordable non-profit, co-op and other affordable housing solutions.

The following solutions support this shift:

- Creating a non-profit and co-operative housing development program at scale to deliver the new units needed.
- Preserving aging private market affordable housing stock, including through the development of a fund specifically targeted at assisting the non-profit and co-op housing sector acquire this housing and protect its affordability in perpetuity.
- Prioritizing surplus lands for non-profit and co-op housing development, with particular emphasis on Indigenous housing providers.
- Promoting alternative home ownership and tenure programs.

PILLAR 2

Scaling Non-Profit and Co-op Capacity

We can only achieve our targets if the right investments and actions are made to enable and scale the non-profit and co-op housing sector.

The following solutions support this shift:

- Providing investments that enable the sector to harness and scale its mission-driven approach to housing development.
- Introducing program improvements, including more predictable and coordinated funding, financing, and requirements.
- Promoting and developing cross-sector partnerships between non-profits and co-ops and public and private actors to enhance knowledge sharing and build on capacity.
- Increasing opportunities for Indigenous and Black housing providers and other structurally disadvantaged populations to develop and lead culturally appropriate non-profit and co-op housing.
- Taking advantage of the end of operating agreement and mortgages in the non-profit and co-op sector to unlock existing real estate assets for repair and redevelopment.

PILLAR 3

Government Leadership, Coordination and Accountability

We need clear leadership and accountability paired with structured coordination and resourcing across and within governments.

The following solutions support this shift:

- Creating infrastructure, such as a provincial housing secretariat function, to drive interministerial and intergovernmental coordination and collaboration on housing efforts.
- Improving access and availability of data, information, and performance metrics.
- Aligning goals across programs, government and the broader sector.
- Developing clear connections and pathways between housing and other systems, including healthcare and the justice systems.
- Protecting existing affordable rental housing through appropriate tenant protections.

Investment estimates can help us understand the scale of the need for change

As a first step toward transformational change, this report models two- and five-year investment estimates that reflect both the scale of the challenge and the practical realities of delivery.

To put Ontario on the path to success, all levels of government need to come together to provide the following investments to complement the commitments being brought forward by non-profit, co-op and private providers and developers:

**\$16.7 billion
by 2027**

\$16.7 billion by 2027 in upfront capital and ongoing subsidies in order to:

- ✓ Create 15,150 deeply affordable units and 170,000 portable housing benefits under Target 1
- ✓ Create 8,250 moderately affordable units under Target 2
- ✓ Acquire 25,000 affordable private market rental units and repair 40,000 non-profit, co-op, and affordable units under Target 3

**\$62.6 billion
by 2030**

\$62.6 billion by 2030 in upfront capital and ongoing subsidies in order to:

- ✓ Create 71,250 deeply affordable units and 312,500 portable housing benefits under Target 1
- ✓ Create 40,000 moderately affordable units under Target 2
- ✓ Acquire 55,000 affordable private market rental units and repair 100,000 non-profit, co-op, and affordable units under Target 3

Housing is a public good

With this costed, delivery-ready plan, we can move from playing crisis catch-up to investing in the future with:



The right kind of new builds — permanent rental homes for people shut out of the market.

.....



Rental supports for those struggling to remain in their homes.

.....



Measures that preserve existing affordable and deeply affordable housing.

.....

The analysis presented in this report shows that a different way is not only possible but essential for Ontario's prosperity. Re-directing public spending towards long-term stability can resolve the housing crisis and create positive knock-on effects for residents across the province.

We all do better when people are housed. By investing in affordable housing, our economy could be more productive, every day Ontarians could realize more opportunities, our children could be doing better in school and at home and hundreds of thousands of households could live healthier lives.

It is time to recognize that housing is a public good and shared responsibility, not something to be left solely to the private market.

By shifting from crisis response to proactive, long-term and predictable investment, we can begin to change the trajectory — not just of Ontario's housing system, but of the lives and communities it serves.

Establishing Common Ground

A shared understanding of key housing terms is essential to meaningful action. Many terms in the housing sector are used inconsistently, which can make it harder to develop clear and effective policies. To provide clarity, this section establishes common ground by defining key terms as they are used in this report.

**Housing can be defined by the nature of the provider.
For the purposes of this report:**

Non-profit and co-op housing providers develop, own or manage rental and ownership housing for households with low- to moderate-incomes with the assistance of government funding and subsidy. Non-profit and co-op housing providers, as defined in this report, include local, government-owned housing corporations and community land trust organizations. Non-profit and co-op housing providers are typically regulated through legislation or funding agreements, in addition to their own mandates.

In contrast, **private housing developers, property managers, and landlords** are primarily regulated by federal and provincial taxation and regulations, such as the provincial Planning Act and the Residential Tenancies Act. While these actors have no mandate to provide affordable housing, some do so through incentives or other government programs or requirements.

**Housing is often defined by its level of affordability.
For the purposes of this report:**

Affordable housing is a broad term commonly used to identify a range of housing types and models. This report draws from the CMHC benchmark that housing is considered “affordable” if it costs less than 30% of a household’s before-tax income. Thus, affordable housing can take many forms, depending on the household in question. This report breaks down affordable housing into two explicit types: **deeply affordable** and **moderately affordable housing**.

Deeply affordable housing refers to housing that is affordable to low-income households, which are those in the lowest 30% of the income distribution. Based on renter incomes, this translates to household incomes of up to \$44,000 in 2024 dollars. This report considers “deeply affordable housing” as exclusively rent-geared-to-income (RGI) housing, where tenants pay no more than 30% of their income on rent. This housing is provided by non-profit and co-op housing providers with government subsidies.

Moderately affordable housing is intended to be affordable to households with moderate incomes, which include households with incomes between the 31st and 60th percentiles of the income distribution. Based on renter incomes, this translates to household incomes of roughly \$44,000 to \$83,000 in 2024 dollars.^[7] For the purposes of this report, the Provincial Planning Statement (2024) definition of affordable housing is used as a benchmark. In the case of rental housing, it costs the lesser of either average market rent or 30% of the income of a household at the 60th percentile of the income distribution.

Additional Terms

This section provides definitions for other commonly used terms across the housing sector. In addition to the key housing terms outlined earlier, these definitions help ensure clarity and consistency when referring to different aspects of the housing system.

Supportive housing, as discussed in this report, is housing with integrated support services, including medical, mental health and addictions and social supports, to help residents live independently. It is a permanent, congregate or non-congregate form of housing typically provided primarily by non-profit housing providers, sometimes in partnership with support service agencies. Supportive housing typically requires rent supplements to ensure units are moderately or deeply affordable.

Transitional housing is intended to offer a supportive interim living environment for its residents. It is considered an intermediate step between emergency shelter and supportive or permanent housing and has limits on how long an individual or family can stay. Stays are typically between three months and three years.

Emergency shelter is defined as facilities providing temporary, short-term accommodation for homeless individuals and families. Shelters and hostels are two common examples of emergency housing.

Core housing need refers to households that do not live in acceptable housing and whose before-tax income is not sufficient to access acceptable housing. Housing is considered acceptable when the total cost of housing is equal to or less than 30% of a household's before-tax income, where there are enough bedrooms to accommodate the size of the household, and the housing is not in need of major repairs^[8].

The primary rental market includes all self-contained rental units where the primary purpose of the structure is to house renter tenants. The primary rental market includes purpose-built rental apartments and townhouses. Data from the Canadian Mortgage and Housing Corporation's (CMHC) rental market survey is only available for structures with three or more units the primary rental market in most communities.

Vacancy de-control permits property owners to raise rents without limit when a unit is vacated, including in units where rent control applies. In contrast, for sitting tenants, where a unit is subject to rent control, annual rent increases are capped in line with the Ontario Consumer Price Index (CPI).

Housing in Ontario Today



The Nature of the Problem

A healthy housing system gives people access to affordable options that meet their needs at different stages of life. This includes various tenure options within non-profit and co-op housing, housing with supports and market housing. Ontarians may move between these options as life circumstances, needs, or preferences change.

Our housing system is characterized by rising prices and limited availability.

Housing costs are rising at a rate that far exceeds income growth. Between the 2006 and 2021 censuses, average gross household income grew by 49%.^[9] Over the same period, rent costs increased by roughly 60% to 70%,^[10] and owned dwelling values grew by approximately 170% to 195%.^[11] Since then, rent costs have continued to rise, increasing by 19% in the primary market between 2021 and 2024.

Rising housing costs place particular strain on those living on fixed incomes, particularly households receiving social assistance. The

benefits provided by these programs have not kept up with inflation, let alone housing costs.

In addition to rising costs, experts emphasize a critical gap in several housing forms and models, especially affordable and supportive housing. Today, several historically available housing options, such as naturally occurring affordable housing — often older private rental stock like legacy towers — have either been lost or are in too high demand to be accessible. Only 3.5% of Canada’s housing stock is non-profit or co-op housing, a rate that places us far behind our OECD peers and signals a lack of critical infrastructure.^[12]

TABLE 1: Average rent compared to fixed and minimum wages, Ontario, 2024

Average market rent, Ontario, 2024

Bachelor \$ 1,307	1 Bedroom \$ 1,540	2 Bedroom \$ 1,749	3 Bedroom \$ 1,966
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Proportion of gross income spent on rent, Ontario, 2024:^[13]

Income Program or Type	Income	% spent on 1-bedroom
Ontario Disability Support Program	\$1,368	113%
Ontario Works	\$733	210%
Public Pension	\$1,580	97%
Minimum Wage	\$2,870	54%

Note: The primary rental market includes all self-contained rental units where the primary purpose of the structure is to house renter tenants. The primary rental market includes purpose-built rental apartments and town houses.


Limited vacancies and long waitlists emphasize the lack of options available.

As of October 2024, the vacancy rate for units that rent for less than \$1,500 a month fell near or below 1% across the province. A vacancy rate of 3% is generally accepted as a 'healthy' vacancy rate,^[14] indicating a balance between the supply of and need for rental housing. Vacancy rates in Ontario have hovered consistently below 3% since 2010, with exceptions in only a handful of years. This emphasizes the lack of affordable rental options in Ontario.

As of 2024, it was estimated that 268,241 households were waiting for subsidized housing in Ontario.^[15]

A lack of diverse, affordable, and supportive housing options can negatively affect the whole system.

Challenges in one part of the housing system impact others. As a key example, supportive housing is a critical part of Ontario's housing system, providing stable homes and essential services for people with disabilities and people facing complex challenges such as mental health issues and substance use disorders. Yet, decades of underinvestment have left many without access to the housing and supports they need to live safely and with dignity. Instead, non-profit and co-op housing options have become a "backfill" for the gap in supportive housing. This places undue strain on non-profit and co-op housing providers and means people are not accessing the supports they need to live in dignity.

 Non-profit and co-op housing providers are struggling to support their residents who can't find options that meet their needs.

Similarly, in the case of people accessing mental health and substance use services such as detox beds or rehabilitation, there is no clear "next step" that leads to stable housing. People often end up without a stable place to live or are left waiting in other institutions such as hospitals, emergency shelters and correctional facilities, negatively impacting their health and well-being, and often perpetuating the cycle of homelessness and vulnerability.

The inability to move between housing options is a cause for concern.

Experts shared concerns over a segmented market, where the gap between market and non-profit and co-op housing becomes too vast. This limits the ability of households living in non-profit and co-op homes to move into the private market if their needs and capacities shift.

Further, while the need for solutions for those in the deepest need cannot be understated, the diminishing supply of moderately priced units may impact moderate-income households whose needs have traditionally been assumed to be met by the private market. As private market prices continue to rise, many of these households are only a paycheck away from not making their rent, utility or mortgage payments.

People are left with nowhere to go, resulting in rising experiences of homelessness, including chronic homelessness.

As of 2024, more than 80,000 people were known to be experiencing homelessness in Ontario, with over half experiencing chronic homelessness. This represents an increase of over 25% in the number of people experiencing homelessness in just three years.^[16] Ontario's shelter system was estimated to be 97% occupied as of April 2024,^[17] and there were at least 1,400 homeless encampments across Ontario in 2023.^[18]

Experts from the homelessness sector have emphasized concerning trends, including less frequent outflows from emergency and transitional housing — people are returning to emergency shelters because there is nowhere affordable to move on to. Canada-wide data from point-in-time counts and shelter usage data has similarly pointed to an increase in chronic homelessness in recent years.^[19] For youth, intervention is not happening soon enough, resulting in earlier experiences of homelessness that can result in lasting trauma.

The Impact in Ontario

As repeatedly emphasized in recent reports, the lack of affordable housing options limits households' ability to secure housing, with disproportionate impacts on certain communities and regional variations in how these challenges are experienced. These conditions have broad implications for structural determinants of health, as well as our economic and social systems.

Core housing need is a key measure that emphasizes the scale of housing need in Ontario.

As of 2022, 15% of Ontario households were in core housing need, compared to 12% across Canada, and up from 13% across Ontario in 2018.^[20] This means over one in seven households were living in unacceptable housing and could not afford a local alternative.

Affordability issues are a growing challenge for households across Ontario and Canada.

As of 2021, just under a quarter of Ontario households were facing affordability issues, meaning they were paying over 30% of their income on shelter. What's more, half a million households (9% of households across Ontario) were paying over 50% of their income on shelter, signaling deep affordability issues. Of these 500,000 households, an estimated 258,000, or 5% of all Ontario households, were considered at risk of homelessness.^[21]

Across Canada, the proportion of households reporting financial difficulty due to increased shelter costs nearly doubled from 12% in 2018 to 23% in 2022, and the number of households reporting difficulty meeting household financial need increased from 22% to 31% over the same period.^[22]

Alongside affordability issues, households are living in housing that is overcrowded or requires significant repairs.

As of 2021, 7% of Ontario households were living in unsuitable housing, meaning their housing did not have enough bedrooms, and 6% were living in housing in need of major repairs, including electrical, plumbing, or structural issues.

Renter households are facing unprecedented challenges amidst rising costs and insecurity of tenure.

The proportion of renter households experiencing core housing need in 2022 (29%) was over four times that of owner households (7%). Renter households were also one and a half to two times more likely to report financial difficulty or dissatisfaction with affordability, and were more likely to be experiencing overcrowding issues (13% compared to 4% of owners in 2021).

Renters, in particular, face a heightened risk of losing their homes when rents rise beyond their means, often with few affordable alternatives available. Even with the recent slight downturn in rents, the cost of securing a new lease remains significantly higher than staying in an existing one due to the gap between average rents and asking rents, making it even harder for renters to find affordable housing when forced to move.



Over a quarter of a million Ontario households were considered at risk of homelessness in 2021.

Single-earner households are feeling particularly stretched.

Measures of affordability are based on average households, many of which include multiple earners, leaving those with single incomes behind. As of 2021, core housing need rates among one-person (24%) and lone-parent (23%) households far exceeded the rates among other household types (2% to 12%).

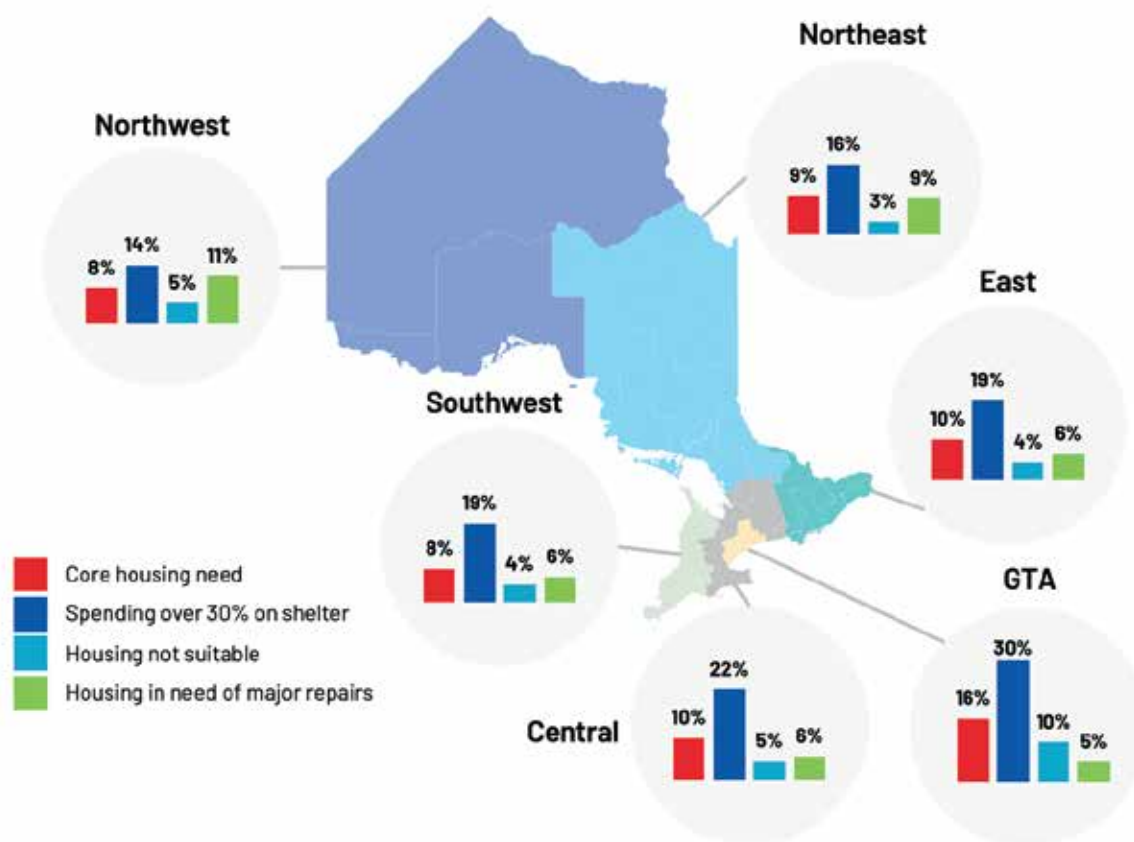
Regional Variation of Impacts

Affordability issues are a growing challenge for households across Ontario and Canada.

Concerns around affordability are generally higher in the Greater Toronto Area (GTA) and surrounding areas, with 30% of GTA households facing affordability issues in 2021 compared to 14% to 22% elsewhere in Ontario (Figure 1). Similarly, Toronto households experienced core housing need and issues of overcrowding (unsuitable housing) at nearly double the rate of other regions.

At the same time, northern, rural, and First Nations communities face particular challenges related to poor repair and higher construction costs.^[24] As of 2021, households in Northern Ontario were experiencing a higher need for major repairs — roughly on in ten households in the northern regions (9% to 11%) , compared to 6% or lower elsewhere in Ontario. Further, affordable and supportive housing is more difficult to access in northern and remote communities, contributing to issues of housing precarity or displacement. On top of this, the trends of urban outmigration to rural and Northern Ontario have also brought new challenges and strains on the housing stock of these communities.^[25]

Figure 1: Core housing need, shelter-to-income ratio, and housing adequacy by Ontario region, Ontario, 2021



Source: Statistics Canada Community Profiles, 2021, map and regional geographies adapted from Ontario population projections, Ministry of Finance.

Disproportionate Impacts on Structurally Disadvantaged Populations

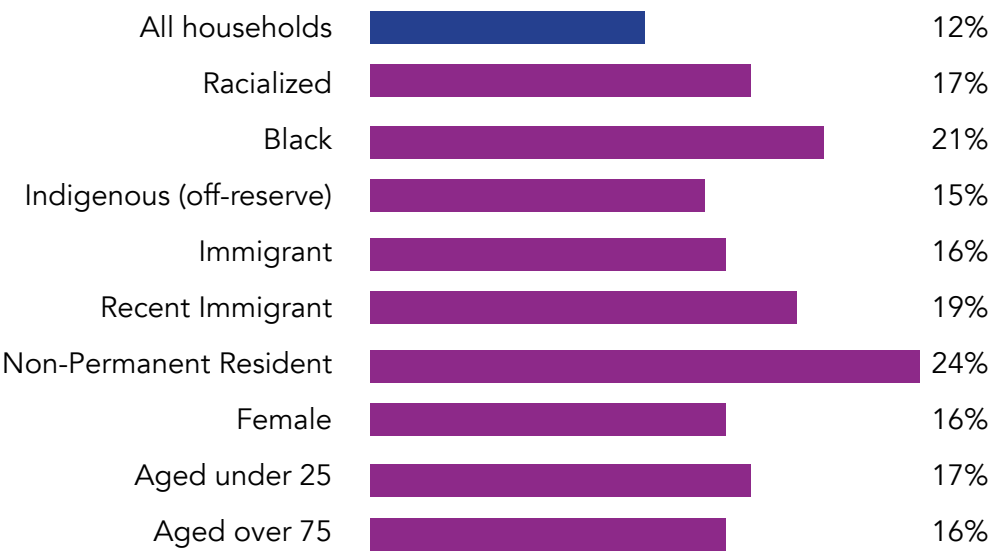
We know that the impacts of housing unaffordability are not felt equally. Structurally disadvantaged populations, including low-income households and those on fixed income, people with disabilities, Indigenous communities, Black, racialized and 2SLGBTQ+ communities, seniors and young families, and veterans face increased barriers in accessing and maintaining appropriate housing. This includes insufficient income, discrimination, lack of access, lack of culturally relevant supports, poor housing conditions, and higher rates of evictions, poverty, or homelessness. Data on core housing need underscores this reality (Figure 2).

Indigenous populations experience precarious housing conditions tied to an ongoing legacy of displacement, exclusion and colonialism.

First Nations, Métis and Inuit peoples living on and off reserve in Ontario and Canada face particularly acute challenges, including a severe lack of housing supply, years-long waiting lists, poor housing conditions and displacement from communities.^[26,27] While available data emphasizes the disproportionate rate of core housing need and homelessness^[28,29] experienced by Indigenous Peoples, under-representation through census and other datasets likely minimizes the true magnitude of need.^[30]

A direct through line can be drawn from the historic and ongoing impacts of colonialism, exclusion and displacement to the housing conditions experienced by Indigenous Peoples today.^[31,32] Governments have made limited progress in improving housing conditions within Indigenous communities^[33] and these conditions interact with related concerns, including the crisis of murdered and missing women, girls and Two-Spirit individuals, and economic challenges on and off reserves.^[34,35] The Final Report on the National Inquiry into Missing and Murdered Indigenous Women and Girls calls on all levels of government to prioritize safe, affordable housing for Indigenous Peoples.^[36]

Figure 2: Proportion of households in core housing need by demographic characteristic of primary maintainer, Ontario, 2021



Source: Statistics Canada Custom Tabulation, 2021

Reading this figure: Figure 2 demonstrates that households with a primary maintainer who identifies with any of the above population groups experience higher rates of core housing need (CHN) (15% to 24%) when compared to all households (12%). For example, 17% of households with a primary maintainer identifying as racialized are in CHN. By comparison, 12% of all households are in CHN.

Structural Determinants of Health

Housing outcomes have broader repercussions on health, wellbeing and overall quality of life.

Unaffordable and inadequate housing exacerbates barriers to good physical and mental health and impedes access to income and employment, food security, and education. This is particularly true of those experiencing homelessness, which has been repeatedly linked to poor health outcomes.^[37] An estimated 20% to 60% of individuals experiencing homelessness face mental health or substance use challenges.^[38] Those living unsheltered lack access to adequate nutrition, proper health practices, and other basic services and are at heightened risk of violence, harassment, extreme weather exposure, overdose, and lack of access to basic services.^[39]

These risks are further compounded for those facing systemic barriers to housing due to gender, race, age, and other structural disadvantages.

Economic and System Impacts

Housing has far-reaching impacts on the state of other interconnected systems and Ontario's economic health.

Housing plays a critical role in our economic health and the stability of interconnected systems. Beyond its direct impact on individuals, housing shortages and affordability challenges create widespread pressures on other systems, including health care, social programs, the child welfare system and the justice system. Poor housing conditions contribute to increased reliance on food banks, strain healthcare capacity (such as hospital occupancy by individuals who could receive more appropriate care elsewhere), and drive higher costs in emergency services and social supports.

 Public healthcare costs are 6 to 7 times higher among individuals experiencing homelessness.

Affordable non-profit and co-op housing is a responsible investment that leads to long-term savings.

Nearly \$1 billion is spent annually on emergency shelters in Ontario. While a necessary component of our housing and homelessness system, this spending does not reduce the prevalence of homelessness^[40] and represents inefficient spending, with monthly costs for a shelter bed well exceeding that of non-profit and co-op housing subsidies.^[41] Further, in Toronto, it is estimated that the average yearly public healthcare costs incurred by individuals experiencing active homelessness were 6 to 7 times higher compared to individuals who are housed.^[42]

While these are only some of the examples that highlight the costs of inaction, they demonstrate the economic and social value of proactively investing in non-profit and co-op housing. Research has shown that every \$10 invested in supportive housing results in up to \$22 in public sector cost savings.^[43] Similarly, research shows that cost to provide an individual a supportive home, (between \$2,000 and \$5,000 per month) is significantly less than what it costs to provide inpatient hospital care (approximately \$17,000 per month) or if a person who is not receiving support ends up in a corrections facility (which costs approximately \$11,000 per month).^[44]

Scotiabank has emphasized that governments' reliance on income transfers to offset housing unaffordability will only become more costly as shelter costs continue to rise.^[45] As recently highlighted by the Association of

Municipalities Ontario and partners in their comprehensive study of homelessness in Ontario,^[46] investing in long-term housing solutions can reduce the need for government spending on reactionary measures such as visits to the emergency room and reliance on justice systems.

The education and employment benefits of investment in affordable housing.

In addition to healthcare and judicial system savings, affordable housing also improves social and educational outcomes. Access to stable housing can enable individuals to pursue educational opportunities that will increase their work skills, further enhancing their financial circumstances. It can also have a direct impact on their children.^[47] In 2010, the Canada Mortgage and Housing Corporation (CMHC) reported that 48% of social housing residents said their children's academic performance improved after they secured stable non-profit or co-op housing.^[48]

Housing supports also give households in need greater financial flexibility and can provide the necessary stability to support those who are able to work in securing employment.

Development of affordable housing drives economic growth.

Beyond direct costs, housing plays a critical role in economic growth. Ontario represents the largest economy in Canada, yet businesses across the province are struggling to attract and retain workers due to the lack of affordable housing. The Ontario Chamber of Commerce and the Ontario Housing Affordability Taskforce, among others, have emphasized how rising housing costs are making it harder for workers to live near employment opportunities, impacting local economies.^[49,50] The Toronto Board of Trade has identified that the direct and indirect costs of the housing affordability crisis in the GTA alone is nearly \$8 billion to the economy annually.^[51]

Investments in non-profit and co-op housing represents a form of non-inflationary spending that pours back into our own economy. Beyond just attracting workers, a recent study commissioned by the Canadian Housing Renewal Association (CHRA) and conducted by Deloitte^[52] shows the direct economic benefits of investing in affordable, non-profit, and co-op housing. The study estimates that increasing Canada's share of non-profit and co-op housing to the OECD average of 7% by 2030 would boost productivity by 5.7% to 9.3%, adding between \$67 and \$136 billion to GDP. In Ontario, this would generate an additional \$23.3 to \$50.3 billion in GDP and create 95,000 jobs.

Increasing access to affordable housing will in effect improve worker retention, enhance well-being, foster social connections, increase household spending power, and reduce the reliance on employer-provided housing.

As a recent CivicAction report highlighted, “high housing costs limit discretionary spending, amplify the risk of household debt and make it harder for individuals to save and pass on wealth — factors that dampen broader economic activity.” For lower-income households, increasing disposable incomes through access to a non-profit or co-op home or through a portable housing benefit, has a direct impact on the household spending on goods and services in the local community, such as on food.^[53]



Proactive investment in affordable housing creates savings and drives economic growth.

The development of non-profit and co-op housing can also act to stabilize the private housing market during periods of economic downturn or uncertainty. As the National Housing Council and others have noted, private sector developers operate according to market conditions, building new homes only when conditions are right. With government support, non-profit and co-op housing can ramp up development during economic downturns, giving a boost to the economy, ensuring the continuity of supply chains, and safeguarding construction industry jobs to help keep workers in the industry and young people entering the field.^[54]

Contributing Factors

Insufficient Supply of Housing

Lack of supply is one of the most commonly cited reasons for current housing challenges but it is not the only factor.

Much discussion on the causes and solutions to Ontario's housing crisis to date has focused on the lack of supply relative to demand. However, this discussion has not paid enough attention to other factors, particularly appropriate supply, including affordable, supportive, non-profit and co-op housing options. Following a shift in approach after the 1970s and 1980s, government policies have focused heavily on demand-side measures seeking to make homeownership easy, and reports have argued that demand-side solutions intended to cool the market will not succeed without sufficient supply.^[55,56]

Recent publications commonly cite barriers to supply including:

- Lengthy approval timelines;
- Rising construction and materials costs;
- Increasing borrowing costs;
- Persistent labour shortages;
- Dwindling developable land and infrastructure supply; and
- Ongoing community opposition to intensification or non-profit and co-op housing.

While supply is a major part of the equation, it is far from the only concern.

Much research has explored how the construction of new market-rate housing can influence affordability through a process known as filtering. This occurs when higher income households move into newly built, higher cost units, thereby freeing up vacancies in older, lower-cost housing stock. Over time, these older units tend to depreciate in value, gradually becoming more affordable. However, CMHC has acknowledged that filtering is a long-term process that can take 25 to 30 years from the initial conception of a project before lower income households feel the benefits in the form of reduced rents^[57]. Given the scale and urgency of Canada's current housing shortage, we cannot rely on filtering as a primary solution to meet our immediate and growing housing needs.

Further, focusing primarily on supply can obscure the structural issues that have deepened affordability challenges and reduced housing options across Ontario. Over-reliance on the private market, financialization of housing, erosion of affordable housing, and the limited scale of non-profit and co-op housing have all contributed to the crisis.

● Over-reliance on market solutions has further entrenched a system where non-profit and co-op housing solutions remain underfunded and overlooked.

Over-Reliance on the Private Market

One key pitfall of our current housing system is the lack of sustained focus and investment in stimulating the non-profit and co-op housing sector in favour of encouraging a private market-dominated landscape.

Our housing system is structurally designed to prioritize the private market over non-profit and co-op housing.

Approximately 95% of Canada's housing stock is privately owned. At only 3.5%, the proportion of non-profit and co-op housing falls far behind that of our OECD peers.^[58] There is growing recognition that governments are funding private market supply in hopes that supply-side interventions will meet the wide range of community needs. The private market is not designed to respond to social needs, however. Without incentives or concessionary capital, it cannot deliver the level of affordability households need. Where these programs exist, the units delivered are typically not affordable for those in the deepest need and are provided for a limited duration. As Scotiabank has pointed out, "Market-priced housing will likely never be affordable for a serious share of households – and easily those in the lowest income quintile".^[59]

Financialization of Housing

The focus on private-market approaches and the increasingly financialized landscape has had ripple effects for the rest of the system.

As we continue to rely on real estate investment as a core driver and indicator of economic growth, housing is treated more and more like a financial instrument. Canadian institutions have indicated reliance on investors as a significant source of rental supply while simultaneously acknowledging how they contribute to financial instability and limit availability for homebuyers.^[57,58] As of start of 2023, investors made up 30% of the share of mortgaged home purchases across Canada, up from 20% in 2014.^[62]

Financialized landlords are increasingly changing the housing system. As real-estate investment trusts (REITs) and investment corporations increasingly buy up existing rental buildings, their business strategies are leading to reduced affordability, instances of displacement and evictions, and adverse health outcomes for residents, among other impacts.^[63,64] This changing dynamic is not contained to urban centres alone but felt across smaller communities in Ontario.

● Without stronger investments and regulations, affordable housing will continue to disappear faster than it can be built.

Erosion of Affordable Housing

The loss of existing affordable housing severely threatens progress in increasing the supply and mix of affordable housing options in Ontario.

A related concern is the ongoing loss of affordable housing, the rate of which far outstrips the growth in new affordable housing in recent decades.^[65] Existing affordable housing is lost through a number of mechanisms, including rent increases associated with vacancy decontrol and conversions, the expiry of rent-setting mechanisms or similar programs in the private market, and risks associated with end of agreement or end of mortgage within the non-profit and co-op sector.

One of the most significant risks to Ontario’s affordable housing supply is the loss of naturally occurring affordable housing.

Naturally occurring affordable housing—often older rental stock like legacy towers^[66] — is rapidly disappearing within the private rental market. As explored further in Part 3 of this report, it is estimated that 80,000 units of naturally occurring affordable housing are at risk of being lost over the next ten years without significant intervention. Experts from community legal clinics and tenant advocacy groups have raised concerns over the prevalence of large rent increases and evictions, especially in urban areas, and have cited vacancy decontrol as a particular challenge.^[67,68,69]

Vacancy decontrol is a central feature of our rental housing system that has been criticized for incentivizing the eviction of long-term tenants to raise rents, negatively impacting the ability of rent control to maintain affordability, and enabling the financialization of housing. As of October 2024, within two-bedroom units in Ontario that were turned over in the last year, rents rose by 36% on average^[70] – in the Greater Toronto Area they rose by 41%. In fact, turn-over units accounted for 65% of the increase in average rent for two-bedroom units from 2023 to 2024 in Ontario.

Affordable housing is further eroded when programs expire without a clear next step for preserving affordability.

In addition to naturally occurring affordable housing, private market units with an affordable rent-setting mechanism associated with a government program typically have limited affordability periods, sometimes as low as ten years. Private market affordable units that were developed under the Investment in Affordable Housing or similar programs are quickly reaching the end of their affordability periods and will be lost without intervention.

In contrast, the non-profit and co-op housing sector has a mandate for long-term affordability. However, a lack of investment and ongoing underfunding has led to affordable units in this sector at risk of being lost where they cannot be maintained or as operators reach the end of their mortgages or funding agreements without a clear path forward.

Non-Profit and Co-op Housing Scale

Non-profit and co-op housing plays a critical role in Ontario's housing system, offering deeply affordable, permanent housing options that the private market does not provide. Further, these housing providers typically offer a range and mix of affordability, often mixing rent-geared-to-income housing (the most affordable form of housing in Ontario) with more moderately affordable units across their portfolio, and often within a single building.

Non-profit and co-op housing providers have proven their capacity in the right environment.

Without sustained support, the sector has been unable to continue growing at the scale needed to address Ontario's affordable housing shortage. Between the late 1970s and early 1990s, when robust government funding programs (including below-market and insured loans, operating subsidies, and capital reserve funding) were introduced and sustained, non-profit and co-op providers built 16,000 units annually, accounting for 14% of all new housing completions.^[71,72] However, as government funding was frozen, transferred, or restricted to one-time grants in the mid-1990s to early 2000s, development stalled, falling to less than 1% of the total housing supply over the past two decades.^[73,74]

In the current environment, non-profit and co-op housing providers must navigate a fragmented and unpredictable funding landscape.

Non-profit and co-op housing providers typically rely on multiple and short-term funding programs to advance projects, requiring them to raise significant equity upfront, particularly for pre-development costs. This lack of stable, long-term funding prevents them from expanding their operations and limits their ability to plan for growth.

These providers also face many of the same development challenges as the private sector, such as rising costs and lengthy approval processes, but with added constraints. While many providers do have significant assets they have built and maintained over decades, government policies can prevent their ability to fully leverage these assets to further scale.

Underfunding limits supportive housing providers' ability to scale in line with growing demand.

Supportive housing providers deliver specialized wraparound supports for residents to maintain stability and well-being. However, underfunding has made it increasingly difficult to continue expanding at the pace needed to meet the growing demand. To access the funding that does exist, providers must navigate significant red tape and a complex and often fragmented funding landscape which requires tremendous staff resources and can add years to the process.

Evidence-based approaches like Housing First show that, when adequately funded, supportive housing improves long-term outcomes, reduces reliance on emergency services, and keeps people housed, providing them with the stability needed to address health and social challenges. This proven, cost-effective solution requires greater investment to ensure those in need have access to safe, supportive housing and the services necessary for dignified living.

Despite the clear need for supportive housing, providers continue to face barriers in building and sustaining it. A major barrier is the disconnection between capital funding for construction and the operating funding required to provide ongoing supports. Capital and operating funding also comes from multiple sources across levels of government and ministries, meaning that housing providers must obtain funding and approval from multiple sources. Indigenous-led supportive housing remains particularly underfunded despite the urgent need for culturally appropriate, Indigenous-led solutions and the promising models across the province that could be replicated and adapted.

Government Leadership, Coordination and Investment

Governments play a central role in shaping the housing system through taxation, regulation, policy, funding, and financing. While all three levels of government have distinct responsibilities, effective collaboration is critical to addressing Ontario's housing challenges. The provincial government, in particular, is well-positioned to enable the non-profit and co-op sector to scale to meet housing need in the province.

Long-term planning must include targets for affordable non-profit and co-op housing.

Ontario has committed to building 1.5 million homes over the next 10 years,^[75] yet there are no defined targets for non-profit and co-op housing within this goal. Without clear sub-targets, there is no assurance that new housing development will include the affordable and deeply affordable options needed by low- to moderate-income households. Embedding affordable housing targets within provincial housing commitments would ensure that non-profit and co-op housing plays a central role in addressing Ontario's housing needs. Paired with long-term investment, this would allow housing providers to build up the capacity they need to build housing at scale — without long-term and predictable funding the sector can not afford to invest in this capacity.

Clear leadership and investment is needed to drive housing solutions.

With responsibilities for housing spread across multiple ministries and levels of government, it is often unclear who holds ultimate accountability for ensuring housing affordability and stability. Overlapping funding streams, complex regulatory policies and processes and a lack of alignment across and within governments can present barriers for the housing sector. Stronger leadership at the provincial level would allow for better accountability on housing outcomes and more strategic planning, better alignment of housing targets, and a clearer way for housing providers to access funding and resources. Paired with the proper level of investment from all levels of government, this will enable the non-profit and co-op housing sector to deliver the housing solutions we need.

Better coordination across governments will strengthen the housing system.

Coordination across governments is essential to addressing the shortfall in affordable housing. In Ontario, this is particularly complex, as housing is shaped not only by three levels of government but also through 47 Municipal Service Managers. Stronger coordination between all levels of government and Service Managers, led by the provincial government, can drive effective local action to meet housing targets and improve housing outcomes for Ontarians.

Better coordination of funding and financing is particularly critical. Today, housing providers must combine multiple funding sources across different governments, each with its own rules and eligibility criteria. Aligning capital and operating funding streams would streamline the development process and provide greater financial stability for non-profit and co-op providers, allowing them to focus on long-term affordability rather than short-term funding cycles.

Strong alignment within governments will allow for the most impact.

In addition to coordination between governments, greater alignment within the provincial government is needed. Housing, homelessness services, housing supports, and related systems are often spread across multiple ministries, making it difficult to plan effectively. For example, supportive housing and homelessness services are administered through the Ministry of Municipal Affairs, Ministry of Children, Community and Social Services, and Housing and the Ministry of Health, leaving housing providers to navigate complex funding arrangements without a clear coordinating body. Similarly, within the Ontario Ministry of Finance, planning for market housing is developed separately from non-profit and co-op housing strategies, restricting opportunities for a more integrated approach to housing policy.

A Vision for the Future

336



Setting Bold Targets

From the impacts on quality of life to pressures on interconnected systems and the costs of lost opportunity, the price of inaction is great. Without a decisive response, more households in Ontario will be pushed into housing precarity, worsening homelessness and deepening inequities. The economy will suffer, and increasing pressures on healthcare, social services, and emergency systems will make it even harder for the Province to provide the supports and services so many rely upon. Taking action now is not just about housing. It is about ensuring a stronger, more stable future for Ontario.

This plan sets bold targets to drive meaningful action within the housing sector. A needs-based analysis makes it clear that Ontario must move well beyond business as usual to ensure a future

where everyone's housing needs are met. These ten-year targets are ambitious and fully achievable — by committing to transforming our housing system.

Meeting these ten-year targets will require steady progress and sustained commitment. To set us on a path for success and to make clear what scale and pace is needed, this report identifies two-and five-year interim targets. In combination, these shorter and medium-term targets will support the province towards transformational change while allowing for the necessary assessment of progress and refinement of actions along the way.

TARGET 1

Target 1 calls for 805,000 deeply affordable housing units based on the anticipated need among low-income households. While these units can come from a mix of units and portable housing benefits, at least 255,000 new non-profit and co-op units must be created. Further, 93,000 units should be supportive housing units, and at least 55,000 units must be developed by and for Indigenous communities.

TARGET 2

Target 2 calls for 145,000 moderately affordable units to support the moderate-income households whose needs cannot be met through private market supply. This includes at least 12,000 units for Indigenous households.

TARGET 3

Target 3 calls for the acquisition, repair and maintenance of 225,000 units to prevent the erosion of housing affordable to low- and moderate-income households. This includes the acquisition of 80,000 naturally occurring affordable units in the private market by non-profit and co-op housing providers, and the rehabilitation and repair of an additional 145,000 of existing non-profit, co-op, and affordable units.

TARGET 1:

Create 805,000 deeply affordable housing units and benefits for low-income households.

Should the conditions we see today persist, we anticipate that roughly 1 in 3 renter households will be in core housing need by 2035, of which over 90% will be considered low-income. Accounting for projected household growth, this translates to 730,000 low-income households that will be paying beyond their means, living in housing that requires significant repairs, experiencing overcrowding, or facing a combination of these factors, all while being unable to afford the local market rent. In addition to these units, the Association of Municipalities of Ontario, Northern Ontario Service Deliverers Association and Ontario Municipal Social Services Association estimate that 75,000 new housing and support spaces are needed to achieve functional zero chronic homelessness over the next ten years.^[76]

Altogether, this indicates the need for 805,000 new deeply affordable, rent-geared-to-income housing units to support low-income households and prevent homelessness. These units must be integrated in communities across Ontario and created through a variety of methods. Recognizing the high level of need even with today's stock of deeply affordable non-profit and co-op housing, this represents the net gain needed over the next 10 years to ensure everyone has a home that meets their needs.

At a minimum, 255,000 of these units must be newly created through construction, acquisition, or lease by non-profit and co-op housing providers.

This report recommends that at least 255,000 of the total 805,000 units should be newly created to account for households requiring a new unit and those experiencing homelessness. This would be in addition to the 200,000 deeply affordable non-profit and co-op homes already in Ontario. Non-profit and co-op housing providers are the only organizations equipped to provide these deeply affordable units due to their mandate to maintain affordability in perpetuity and capabilities in delivering effective resident experience and support models. These housing providers offer deeply affordable units in several high-quality residential real estate contexts, including dedicated

deeply affordable buildings, mixed-income communities, and projects in partnership with organizations serving a range of populations (e.g., market unit developers and supportive housing providers, among others).

Non-profit and co-op housing providers can create these units in several ways, including constructing new units, acquiring existing units, or entering into long-term leases or other partnerships over privately owned units. These options all require significant upfront and ongoing government subsidies. Of note, the units under this target must represent a net gain in total affordable units across Ontario — in that sense, acquisition in support of this target must create a new affordable unit and can be distinguished from acquisition that is intended to maintain existing affordable housing, as explored through Target 3.

Significant upfront and permanent investment is needed to provide this deeper level of affordability.

Similarly, while non-profit and co-op housing providers can also deepen the affordability of their existing stock through additional rent supplements*, this would result in a reduction in moderately affordable units, thus increasing the number of new moderately affordable units needed as identified under Target 2.

Portable housing benefits* may represent a stopgap, but ultimately more non-profit and co-op housing is needed.

While portable housing benefits provided directly to tenants living in market housing may represent a mid-term solution to support the remaining 550,000 households, as highlighted by Scotiabank among others,^[77] the long-term provision of deeply affordable units by non-profit and co-op housing organizations provides a more fiscally responsible and permanent solution.

***A note on definitions.** A rent supplement, which is provided directly to the housing provider, can be distinguished from a portable housing benefit, which is provided directly to the tenant.

Sub-Target: Supportive Housing

Of these 805,000 deeply affordable housing units, at least 1 in 8, or a minimum of 93,000, must be supportive housing units.

There is high demand across Ontario for supportive housing and this need is expected to grow over the next ten years. Taking into consideration the range in types and models of supportive housing, this sub-target can be broken down as follows:

46,000 households with developmental disabilities seeking supportive housing, according to anticipated growth in the Development Services Ontario Waitlist.

41,000 households with mental health and addictions challenges in need of supportive housing units, as called for by Addictions and Mental Health Ontario.

1,000 households anticipated to be exiting homelessness with high acuity needs, based on existing research.

5,000 households with physical disabilities requiring supportive housing to better meet their needs, based on a projection of sample waitlist data.

Sub-Target: Indigenous Housing

Of these 805,000 deeply affordable housing units, a minimum of 55,000 must be created for Indigenous households.

It is estimated that 55,000 Indigenous households in need of deeply affordable rental housing by 2035, based on the proportion of low-income, off-reserve Indigenous households that are in core-housing need or experiencing homelessness today.

To address this supply gap, this report endorses the calls to date for an Indigenous-led Urban, Rural, and Northern Indigenous Housing Strategy that recognizes the distinct housing needs of Indigenous households across Ontario.^[78,79] Creating this housing requires developing support programs, ensuring cultural recognition and support, and engaging and supporting the Indigenous non-profit and co-op housing sector to leverage opportunities to increase Indigenous-led control, management, vision, and direction over the sector.^[80]

A note on census data. It is important to note that rates of census participation on which our targets are based are lower in Indigenous populations compared to the general population due to barriers such as a lack of fixed address, distrust of government due to colonial practices, and migration between geographic locations, including from on and off reserve. Recent research using Our Health Counts data in Toronto and Ontario have found that Indigenous populations are 2 to 4 times higher than what is reported in the census.^[81,82] As such, the potential for census undercount has been taken into account in creating targets throughout this report but these numbers should still be taken with caution.

Further, these Indigenous sub-targets do not account for the housing needs of Indigenous households living on reserve in Ontario, as core housing need is not measured for households living on reserve, and such an estimate is outside the scope of this report. While the need for adequate housing solutions for the more than 25,000 households currently living on reserve in Ontario^[83] cannot be overstated, their unique needs go beyond the scope of the target provided here. Governments must work directly with First Nations to support First Nations' housing priorities across Ontario.

Geographic Distribution

Over half of the deeply affordable units are required in the Greater Toronto Area.

Based on the distribution of households in core housing need across Ontario today, it is estimated that 422,000, or just over half of these units, will be required in the Greater Toronto Area. Table 2 demonstrates the breakdown of this Target across Ontario.

Table 2: Breakdown of Target 1 by Region, 2025 to 2035

Region	Units Required	Proportion of Target
Greater Toronto Area	447,000	56%
Central	151,250	19%
East	100,750	13%
Southwest	72,000	9%
Northeast	25,500	3%
Northwest	8,500	1%
Total	805,000	100*%

*Percentages do not equal 100 due to rounding.

Methods and Limitations

Calculating future need.

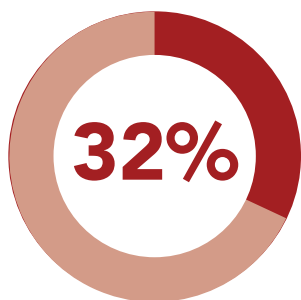
Current rates of core housing need among renter households were applied to the projected household counts in 2035 to calculate future need. Core housing need rates by tenure are based on Ontario data from the 2022 Canadian Housing Survey.^[84] A 10% upward adjustment has been applied to account for observed differences in core housing need rates between voluntary surveys, including the Canadian Housing Survey and National Household Survey, when compared to the mandatory Census of Population over the past two decades. A resulting 32.1% of renter households are estimated to be in core housing need.

Household projections are based on the 2024 provincial population projections provided by the Ontario Ministry of Finance.^[85] These population projections are converted to household projections and broken down by tenure based on household trends in size and tenure in Ontario from 2006 to 2021. This resulted in a projected 7.3 million households by 2035, including 2.4 million renter households, of which approximately 783,000 (32%) are estimated to be in core housing need assuming current conditions continue. It should be noted that rapidly changing conditions, including immigration, economic conditions, and other future factors that are difficult to anticipate today, place limitations on the accuracy of population projections.

By 2035:



2.4 million renter households by 2035



783 thousand households will face core housing needs



730 thousand households facing core housing needs will be low-income



75 thousand households experiencing or at risk of chronic homelessness

Breaking this down by income.

These households are then broken down by income level, with the number of deeply affordable units being tied to the number of low-income households in core housing need. According to custom tabulated data from the 2021

Census of Population, 93% of the renter households experiencing core housing need in 2021 were at or below the 30th percentile of household incomes, meaning they were considered low-income. Altogether, this results in an estimated 730,000 households in core housing need by 2035.

Factoring in high levels of chronic homelessness.

The estimated number of units required to reach functional zero chronic homelessness under a steady scenario, as determined by the Association of Municipalities of Ontario and partners,^[86] is added to this figure. It should be noted that individuals experiencing homelessness are not enumerated in census data and are subsequently not captured in population projections. As such, the overlap between the estimated number of households in core housing need (based on census data) and the number of units required to address chronic homelessness is considered to be negligible.

Estimating the number of new units required.

The estimated number of newly created units required by 2035 is based on the anticipated number of households by 2035 who, without intervention, cannot meet their housing need within their own unit.

According to custom tabulated data from the 2021 Census of Population, of the low-income renter households in core housing need, 25% were experiencing either an adequacy or suitability issue, while 75% were only experiencing an affordability issue. Assuming these rates stay consistent, this would suggest that 180,000 (25%) of the 730,000 low-income households in core housing need by 2035 cannot have their needs met through financial support (such as a portable housing benefit) alone.

Further, it is assumed that the 75,000 units needed to reach functional zero chronic homelessness must be newly created units. While many households experiencing or at risk of chronic homelessness may be able to find stable housing in the private market through portable housing benefits, this could have a spillover effect in the availability of housing for the broader range of households in core housing need. As such, new units are proposed.

This results in a need for 255,000 newly created deeply affordable housing, either through construction, acquisition, or long-term lease.

Breaking down estimates by region.

Housing need by region was estimated using the proportion of renter households in core housing need within each region compared to the total number of renter households in core housing need in Ontario in 2021, according to custom Census of Population data. These proportions were applied to the total target, including the portion of the target based on the rate of individuals experiencing homelessness.



For further information on how sub-targets, key milestones, and costs were calculated, refer to Appendix B.

TARGET 2:

Create 145,000 moderately affordable units for moderate-income households.

Under a continuation of today's conditions, it is estimated that 145,000 households earning a moderate income will be in core housing need by 2035. This figure takes into account increases in core housing among moderate-income households due to both population growth and an increase in households falling into core housing need as rental prices continue to rise.

This supply should come from a mix of non-profit, co-op and private housing.

Both non-profit and co-op housing providers and private developers interested in providing affordable housing are poised to deliver this housing. Many non-profit and co-op housing providers offer a mix of deeply affordable and moderately affordable units, while private developers are showing increasing interest in providing moderately affordable housing through appropriate government programs.

Sub-Target: Indigenous Housing

Of these 145,000 units, a minimum of 12,000 must be created for Indigenous households.

Under today's conditions, it is estimated that approximately 8% of the moderate-income renter households in core housing need or paying over 30% of their income on shelter are Indigenous households living off-reserve, after accounting for census undercounts. As such, a minimum of 8% of the target, or 12,000 units must be allocated for Indigenous households and Indigenous-led housing providers.

Geographic Distribution

Over half of these units should be located in the Greater Toronto Area.

Based on today's distribution of housing need across the province, it is estimated that 81,000, or just over half of these units, will be required in the Greater Toronto Area. Table 3 demonstrates the breakdown of this target across Ontario.

Table 3: Breakdown of Target 2 by Region, 2025 to 2035

Region	Units Required	Proportion of Target
Greater Toronto Area	80,500	56%
Central	27,250	19%
East	18,250	13%
Southwest	13,000	9%
Northeast	4,500	3%
Northwest	1,500	1%
Total	145,000	100%*

*Percentages do not equal 100 due to rounding.

Methods and Limitations

Estimating core housing need among moderate-income households.

According to custom tabulated data from the 2021 Census of Population, 7% of the renter households experiencing core housing need in 2021 were between the 31st and 60th percentile of household incomes. This proportion was applied to the total number of households estimated to be in core housing need in 2035 (783,000) as outlined under Target 1, resulting in approximately 53,000 households.

Assessing affordability issues among moderate-income households.

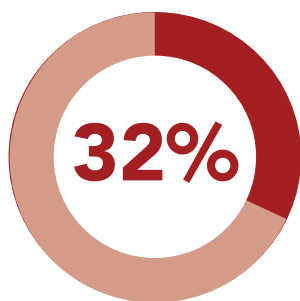
According to custom tabulated data from the 2021 Census of Population, for every moderate-income renter household in core housing need, there were an additional 3.5 moderate-income renter households paying over 30% of their income on shelter but not in core housing need. This ratio was then applied to the total number of moderate-income renter households estimated to be in core housing need by 2035, resulting in 185,000 households. Despite facing affordability issues, based on current data these households would not meet the definition of core housing need as they can afford the local market rate based on their income.

While this might suggest these households are able to meet their housing needs within the private market, there are several reasons why many of these households will require affordable non-profit and co-op units or units with another form of rent-setting mechanism over the next decade. This includes methodological limitations associated with estimating local market rent, particularly for vacant units, low vacancy rates limiting households' ability to move, and rapidly rising rents amidst stagnating incomes. In response, it is estimated that approximately half of these households, or about 92,000, will require moderately affordable housing by 2035. Combined with the 53,000 estimated to be in core housing need, this amounts to a need for 145,000 new moderately affordable housing units by 2035.

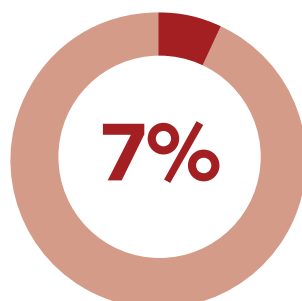
By 2035:



2.4 million
renter households
by 2035



783 thousand
households will
face core housing
needs



53 thousand
households
in core housing
need will be
moderate-income



92 thousand
households facing
affordability issues
will be at risk of
core housing need

Breaking down estimates by region.

Following the methodology used in Target 1, housing need by region was estimated using the proportion of renter households in core housing need within each region compared to the total number of renter households in core housing need in Ontario in 2021, according to custom Census of Population data.



For further information on how sub-targets, key milestones, and costs were calculated, refer to Appendix B.

TARGET 3:

Acquire, repair and maintain 225,000 units to prevent the further loss of affordable units.

Protecting the current stock of affordable housing is critical to closing the supply gap in affordable housing options. This includes maintaining the existing supply of affordable non-profit and co-op housing and retaining affordable private-market housing that is not fixed by a rent-setting mechanism, sometimes referred to as 'naturally occurring' affordable housing.

To prevent affordability from further eroding over the next decade, non-profit and co-op housing providers must be able to acquire 80,000 units.

Between 2006 and 2021, approximately 120,000 rental units with shelter costs below \$1,000 were lost, even after accounting for general inflation over that time period. Based on 2021 renter household incomes, these units would be affordable to most moderate-income households. Further, across Ontario, units with rents below \$1,000 had less than 1% vacancy as of 2024, emphasizing the demand for these units. Should the rate of erosion continue, we can anticipate the further loss of 80,000 moderately affordable rental units by 2035. This erosion would represent 16% of the 515,280 units costing below \$1,000 as of 2021.

The non-profit and co-op housing sector's acquisition of these naturally occurring affordable units represents a key preventative measure that can protect their affordability in perpetuity. This includes the acquisition of existing non-profit and co-op housing units that can no longer be sustained under their current operating or funding model. This acquisition is required in addition to the acquisition of units to create new affordable housing units for the purposes of Target 1 and 2.

Approximately 145,000 non-profit, co-op and other affordable housing units will require significant maintenance and repair over the next ten years.

Without sufficient government funding for maintenance and repair, a key component of a healthy housing system, our existing stock of non-profit, co-op, or otherwise affordable housing units, is at risk of being lost. This outcome would reduce the amount of non-profit, co-op and affordable housing options across Ontario and further threaten the financial viability of the organizations that operate these units. It is estimated that by 2035,

145,000 non-profit, co-op, and other affordable housing units will require significant maintenance, considering their age and condition today.

Methods and Limitations

Calculating future erosion of affordable housing.

To measure the loss in affordable units, the number of units below moderately affordable rent levels was compared between 2006 and 2021. Based on 2020 incomes for Ontario, according to custom-ordered Census data, affordable shelter costs (i.e. those that require no more than 30% of household income) were \$940 for households at the 30th percentile and \$1,190 for households at the 40th percentile of the income distribution for rental households. As such, a shelter cost of \$1,000 as of 2021 is understood to be affordable to most moderate-income households (those between the 31st and 60th percentile).

To account for inflation, the shelter cost of \$1,000 in 2021 was adjusted to 2006 dollars using the change in the Consumer Price Index between 2006 and 2021 (+31.6%), which results in \$760 in 2006 dollars. Based on the availability of data, the number of units with shelter costs below \$1,000 in 2021 was compared to the number of units below \$800 in 2016, resulting in a net loss of 119,045 units, or roughly 8,000 per year.^[87,88] It should be noted that this analysis includes both market and non-profit and co-op units based on the available datasets.

Calculating the number of affordable units in need of significant maintenance and repair.

As of 2023, approximately 130,000 non-profit, co-op, and other affordable housing units were in poor or fair condition.^[89] In addition, we estimate that the 15,000 units currently in average or good condition that were constructed prior to 1980 are at risk of falling into a state of disrepair over the next ten years without significant maintenance.^[90]

In many cases, the cost of these repairs can be covered by taking out new loans through the private sector as the properties reach the end of their original mortgages. The co-op sector in Canada has accessed over \$350 million in private sector finance for repairs to date. For this approach to work, however, government must remain responsible for funding the rent supplements for households who cannot afford the affordable market rents in a non-profit or co-op provider.

The Time is Now.

Now is the time for unprecedented action and investment. Housing affordability is one of the most pressing issues, both on the street and in public discourse – over half of Canadians rank it as a top election issue^[91] — and there is no shortage of research speaking to how we can solve our current affordable housing crisis.

The non-profit and co-op housing sector is ready to deliver — but it cannot do it alone.

Despite the deepening crisis due to inadequate investments in affordable housing and changing conditions, the non-profit and co-op housing sector has continued to show its resilience, and its capacity to maintain and, in some cases, grow its assets. Experts interviewed continuously highlighted the sector's eagerness and commitment to scaling up to meet the growing needs of Ontarians.

The non-profit and co-op housing sector is also a space for innovation, from new private partnership models to new construction technology to new financing and development models, the sector has proved its potential.

We cannot afford to wait.

The targets outlined in this report emphasize the urgency to transform our current system. **Without a meaningfully different approach, we estimate that by 2051, 1,008,000 households will be in core housing need, of which 938,000 may be low-income households.** Failing to act will leave more households in precarious living conditions, increase pressure on social services, and undermine Ontario's long-term housing stability and economic resilience.

The non-profit and co-op sector has long been at the forefront of delivering deeply affordable housing and is prepared to expand its impact. However, unlocking its full potential requires strong partnerships with government and private sector champions, as well as providing incentives for philanthropic foundations to deploy a greater proportion of their capital towards issues of urgent social concern, such as housing.^[92]

Provincial leadership is critical in creating the conditions for these partnerships to succeed.

It can ensure that government and private sector efforts are coordinated in support of a thriving non-profit and co-op housing sector. By fostering these connections and championing bold action, Ontario has the opportunity to lead a successful transformation.



With so many parties ready to come to the table, combined with a non-profit and co-op housing sector that is ready to grow, the timing is right for transformational change.

Transforming the System



A Need for Transformational Change

The targets identified in this report demand a transformation of our housing system as we know it today.

Using Ontario's target of 1.5 million homes over ten years^[93] as a starting point, roughly one quarter of units would need to be non-profit, co-op, or otherwise regulated affordable units to achieve the minimum targets set out here (255,000 new deeply affordable and 145,000 new moderately affordable units). This represents an unprecedented departure from historic trends — between 1990 and 2021, only 0.4% of housing starts in Ontario were non-market housing.^[94] Achieving the targets identified in this report will require rapid expansion

in developing non-profit, co-op, and other affordable housing options. Over the last two decades, roughly 22,000 affordable non-profit and co-op housing units were created.^[95] Achieving these targets will require over 18 times that amount in half the time.

A radically different approach is required to address the needs of households across the province.

Key System Change

While focused, short-term solutions are needed to move us forward, the scale of today's challenges shows these alone are not enough. Instead, we

need to look at our systems in their entirety. The following system change pillars are necessary to transform our system and achieve our targets.

PILLAR 1

A Tangible Shift towards Non-Profit and Co-op Housing

PILLAR 2

Scaling the Non-profit and Co-op Housing Sector

PILLAR 3

Government Leadership, Coordination and Accountability

A Tangible Shift towards Non-Profit and Co-op Housing

Shifting focus to the non-profit and co-op housing sector.

Long-term housing affordability for lower income Ontarians requires investments in deeply affordable non-profit, co-op and other affordable housing solutions. Today, our solutions are centred around the market alone to deliver affordability. Instead, we need to move beyond our reliance on the private market to achieve real affordability. This means investing in deeply affordable, non-profit, co-op and other housing solutions with permanent or long-term affordability periods.

Moving beyond a linear housing trajectory.

The reliance on the private market alone reinforces the idea that homeownership is the ultimate goal. In reality, prioritizing and investing in more affordable housing options, including rental housing, provides choice while ensuring everyone's needs can be met, irrespective of their income and ability to purchase a home.

We put forward the following solutions to advance this system change pillar.

- **Create a non-profit and co-operative housing development program at scale to deliver the new units needed.** The federal and provincial governments must put forward coordinated and dedicated programs that brings together the necessary investment and resources to enable scaling of the non-profit and co-op sector. The importance of such a program cannot be overstated and the following system change pillars complement this key needed change.
- **Preserve affordable stock, including through acquisition by the non-profit and co-op housing sector.** Much has been said about the need to protect existing affordable housing in the private market. Transferring these assets to the non-profit and co-op housing sector both protects these assets while building non-profits' and co-ops' capacity to scale up.
- **Prioritize surplus lands for non-profit and co-op housing development.** One of the most popular solutions for lowering the costs of housing is the use of surplus public lands. We recommend prioritizing the non-profit and co-op housing sector, and in particular Indigenous-led housing providers, to use public surplus lands at no or low costs.

- **Promote alternative home ownership and tenure programs.** While the non-profit and co-op housing sector is often associated with rental housing, there are many organizations and programs focused on creating affordable ownership opportunities, whether through second mortgage programs, ground leases, or other means. In some cases, these programs have a focus on increasing opportunities for structurally disadvantaged groups to build equity.^[96]

The limited capacity and scalability of the non-profit and co-op housing sector as it exists today are often cited to justify our increasing reliance on private development. In reality, however, the sector is a critical resource with untapped potential. Over half of Canadians feel that government investment in building more non-profit and co-op housing is one of the most effective solutions for addressing the housing crisis.^[97] This, in turn, points to another critical shift needed in our housing system: Scaling.

Scaling the Non-profit and Co-op Housing Sector

The non-profit and co-op housing sector can realize its full potential by scaling up and building its capacity in the following ways.

Ensuring predictable and guaranteed funding is a key component in scaling the sector.

Substantial, guaranteed funding is one of the central requirements to support the growth of the non-profit and co-op housing sector. With sufficient, predictable funding in place, non-profit and co-op housing providers can focus on growing their development capacity. In addition to the capacity to develop brick-and-mortar units, many are working to increase their capacity through long-term leases, acquisitions, retrofits and rehabilitation, and additional rent supplements, pointing to the need for many solutions.

We put forward the following solutions to advance this system change pillar.

- **Provide investments that enable the sector to harness and scale its mission-driven approach to housing development.** While past funding program priorities have led to a landscape of many small organizations with important community ties, the sector as a whole lacks the economies of scale and professional staff to support significant development. Providing investments to support groups to scale up and directing investments towards groups that demonstrate a commitment to economies of scale will help achieve the level of development needed.

- **Work toward meaningful program improvements in coordination with the non-profit and co-op sector.** Predictable funding, financing, rules and other program considerations that are coordinated across all three levels of government and related agencies and sectors (e.g. healthcare) and which connect capital funds to operating funds can go a long way in promoting and easing the development of non-profit and co-op housing. Programs should be designed to reflect the full span of development needs, from pre-development to operations, and should feature more transparency, accountability, and performance measurement to ensure they are properly serving the populations most in need.
- **Continue to promote and develop cross-sector partnerships.** Governments can play a key role by entering into and helping to bridge partnerships. Non-profit and co-op housing providers are interested in and have demonstrated their ability to engage in partnerships with others, including public and private actors. Such partnerships combine complementary skills, enable knowledge sharing, and increase capacity.
- **Increase engagement and control, including by Indigenous- and Black-led organizations and communities and other structurally disadvantaged populations.** Ensuring those most impacted by housing decisions are central to planning and implementation is paramount. Indigenous housing providers have emphasized the lack of prioritization of Indigenous households in government programs and the need for increased support for Indigenous-led housing models that are designed, developed, and delivered by Indigenous communities. Similarly, organizations run by and for Black communities are making important progress in addressing the housing inequities they face, but investments and resources are needed to enhance their impact.^[98]
- **Allow the non-profit and co-op housing sector to take advantage of new agreements.** As many non-profit and co-op housing providers reach the end of their mortgage or agreement, governments and partners can help them take advantage of new opportunities. These could include new agreements that allow for more flexibility and innovation while protecting existing affordability, including funding for capital repair and maintenance. With the right support and autonomy, this can also be an opportunity for providers to refinance and best leverage their assets to expand their portfolios.

Government Leadership, Coordination and Accountability

To make real progress, Ontario must clarify the role and relationships between governments and their various ministries and mandates. This includes clear leadership and accountability structures alongside transparent frameworks for coordination. With this, private, non-profit, and co-op housing providers can benefit from clear expectations and adequate resources while knowing where to turn when roadblocks arise. Further, this will allow for proactive planning that best leverages each organization's unique strengths.

We put forward the following solutions to advance this system change pillar.

- Create infrastructure to drive interministerial and intergovernmental coordination.** Putting new infrastructure in place, such as a provincial housing secretariat, could help coordinate and build upon existing programs and services as well as create a better accountability structure for meeting the milestones. Target functions could include better leveraging the existing Housing and Homelessness Plans created by Service Managers across Ontario to inform provincial planning, linking local, provincial and federal affordable housing targets, connecting disparate private market and non-profit and co-op housing strategies and targets, and consolidating and harmonizing different funding program requirements across governments.
- Improve the scale and accessibility of relevant data, information, and metrics.** Another solution is to work towards improved data, information, and metrics to improve planning and coordination. This could include better tracking of key performance measures that include impacts across different levels of government, coordinated data collection that incorporates waitlists across ministries (particularly in the case of supportive housing), or more regular household surveys in between censuses that allow for a better understanding of local, provincial, and federal needs. It also means making existing data accessible to those delivering and managing housing.
- Develop and maintain consistent definitions and standards.** Tied to the lack of clear leadership is a lack of shared understanding of key terms and concepts surrounding housing (such as affordable housing or supportive housing, types of supportive housing such as mental health and addictions or developmental disabilities, as well as levels of need (e.g. high, medium, low-support). This lack of shared understanding impacts the ability to plan, access funding, and collaborate more broadly across governments and the broader sector.



There is no silver bullet for fixing our housing system – we require a full-scale effort made up of many solutions.

- **Establish clear connections and pathways between housing and other systems.** The lack of coordination limits clear pathways between systems, including people exiting healthcare, the justice system, or other institutions and looking for housing. Directly connecting these systems can limit the number of people who fall through the cracks while finding overall efficiencies across different governments and ministries.
- **Protect existing affordable rentals.** Adequate rental protections and maintaining the existing affordable housing stock will be important steps as we work to build more diverse affordable housing options for Ontarians. This can include strengthened rental replacement policies, enhanced demolition and conversion by-laws, and regulating rents on unit turnover.

Bringing Everyone Together

Government will and action are at the centre of this transformation.

Many argue that the solutions already exist — it is a matter of taking action and making them a priority. According to recent Abacus data, at least 3 in 5 Canadians believe that no level of government is effectively addressing housing affordability.^[99] It is time to recognize that housing is a public good and a shared social responsibility, not something left solely to the market. Non-profit and co-op housing providers are a critical part of the solution, but realizing their full potential requires government leadership that brings all partners into the fold and ensures the right policies, funding, and coordination are in place. Indigenous communities, in particular, should receive investments and supports that fully meet our reconciliation commitments, address the lasting impacts of colonialism, racism, and intergenerational trauma, and uphold legal rights and obligations.

As several reports note, Canada would need to double its supply of non-profit and co-op housing to meet the standards of its OECD peers, let alone solve our current challenges of housing precarity and homelessness.^[100,101,102] While this fact emphasizes how far we have to go, it also demonstrates that alternative approaches are both possible and successful with the right investments.

While government is at the centre of this transformation, all sectors have a role to play to make this a reality. The private sector is urged to take an active role by engaging in collaborative partnerships. The non-profit and co-op housing sectors are encouraged to continue doing the tremendous work they do in developing and maintaining affordable and deeply affordable housing. Funders and donors are also urged to continue supporting these efforts to enable the non-profit and co-op housing sector to better execute its mission. These efforts can go hand in hand to support and strengthen the work of government.



Many solutions already exist
but commitment is needed to action them.

Moving Forward



A Fundamental Shift

Over the last decade the affordable housing crisis has grown. Unless we take bold, new and decisively different actions to turn the tide, our lack of affordable housing options will define and continue to compromise life in our province, robbing the potential of Ontario and Ontarians.

Building more housing is part of the solution. So is participation by private market developers. But we know — all too well after years of an approach that relies almost exclusively on those two levers — they are not nearly enough to make the progress we must. A fundamental shift in how housing is planned, funded, and delivered is required.

This plan is that shift. It shows how non-profit and co-operative housing can be central to a stronger, more stable Ontario. It offers a clear path forward, grounded in evidence and built on solutions that

are already working — but not yet at the scale that can result in the impact we need. Importantly, it identifies what governments must do in the next two and five years to enable that scale and impact and to finally take control of a housing crisis that has derailed the promise of Ontario for too long.

Delays will only deepen the problem — driving up costs, worsening outcomes, and putting greater pressure on public systems. Every dollar not invested in housing today is a dollar spent downstream — on shelters, emergency health services and lost economic productivity. The opportunity cost is staggering. We can continue reacting to crisis, or we can invest in solutions that beat it.

Stable housing is the foundation for a stable life. And the opportunity to fix this — finally, and for the long term — is right here, in our hands.

Appendix A: Key Milestones and Costs



A Path to Solving Core Housing Need

Getting from our current state of housing crisis to a future where we have solved core housing need will not be simple. It will take transformation, urgent action and significant government investment. It will also take significant ramping up of capacity.

Two- and five-year key milestones have been developed and costed to create accountability, highlighting the scale of the investment needed urgently to set us on the path towards reaching our 10-year targets and solving core housing need in Ontario. In total, setting Ontario on the path to solving core housing need will take a \$16.7 billion investment by 2027, and a \$62.6 billion investment by 2030 by all levels of government.

Setting us on a path
for success will require:

**\$16.7 billion
by 2027**

**\$62.6 billion
by 2030**

TARGET 1 Create 805,000 deeply affordable housing units

Two-year milestone: 185,150 new units of deeply affordable housing.
Cost to government \$7.8 billion

Five-year milestone: 383,750 new units of deeply affordable housing.
Cost to government \$38.0 billion

TARGET 2 Develop 145,000 moderately affordable units

Two-year milestone: 8,250 new units by 2027. Cost to government \$1.1 billion

Five-year milestone: 40,000 new units by 2030. Cost to government \$5.6 billion

TARGET 3 Acquire, repair and maintain 225,000 affordable units

Two-year milestone: 25,000 existing affordable units acquired, and 40,000 units repaired.
Cost to government \$7.9 billion

Five-year milestone: 55,000 existing affordable units acquired and 100,000 units repairs.
Cost to government \$19.0 billion

TARGET 1:

Create 805,000 deeply affordable housing units and benefits for low-income households.

Key Milestones

Two-year milestone: 185,150 new units of deeplyaffordable housing – 15,150 new units developed and 170,000 new benefits

Five-year milestone: 383,750 new units of deeply affordable housing - 71,250 new units developed and 312,500 new benefits

Rapid and consistent growth in development capacity is needed to create 255,000 new deeply affordable units by 2035.

The two- and five-year milestones represent key milestones toward the ten-year goal for the creation of new deeply affordable units.

These milestones account for the need to scale up development within the non-profit and co-op sector over time and have been designed under the assumption that capacity increases consistently year over year.

While the majority of units are built in years six to ten under this model, the majority of funding must be dedicated and provided in early years so that the sector can rapidly scale from its current state of adding approximately 500 units per year to adding 46,000 unit per year by 2035.

This model also assumes that half of the deeply affordable units built in the first five years will be supportive housing units, both in recognition of the severe backlog of supportive housing units and the broader repercussions this has on the wider housing system, and to prioritize households in the greatest level of need.

Portable housing benefits should be rapidly created and sustained to address urgent needs.

While the creation of new, deeply affordable housing units will take time to scale, portable housing benefits provide an opportunity to much more quickly achieve deep affordability for the significant number of households in need. As such, the majority of housing benefits should be introduced in early years to ensure the deepest level of need is met in the shortest amount of time.

These interim milestones have been designed to ensure that through the combination of newly created units and portable housing benefits, at minimum all households experiencing or at risk of chronic homelessness or deep core housing need have access to deeply affordable housing by 2030.

Given the gap between social assistance rates, and the rents in Ontario, there is likely significant overlap between households in need of a portable housing benefit, and those already on social assistance. For the over 600,000 households that received OW or ODSP in 2023-2024, ensuring that a portable benefit integrates smoothly with these, and other existing social assistance programs is essential.

Cost to Governments

It is estimated that a total of \$7.8 billion by 2027, and \$38.0 billion by 2030 will be needed from governments to support both the capital and ongoing costs associated with these two- and five-year milestones.

The total capital costs associated with the creation of new deeply affordable units, which are understood to be upfront capital grants, amounts to \$4.71 billion by 2027 and \$23.16 billion by 2030. In addition, the cumulative ongoing costs by years two and five, which includes yearly subsidies for deeply affordable units and portable housing benefits, are estimated to reach \$3.04 billion by 2027 and \$14.81 billion by 2030.

TARGET 2:

Create 145,000 moderately affordable units for moderate-income households.

Key Milestones

Two-year milestone: 8,250 new units by 2027

Five-year milestone: 40,000 new units by 2030

Rapid and consistent growth in development capacity is needed to create 145,000 new moderately affordable units by 2035.

To meet the 2035 target, both the non-profit and co-op sector and the private market will need to scale up to build sufficient moderately affordable units. The milestones have been designed under the assumption that capacity increases consistently year over year. Assuming constant growth, both sectors need to reach a combined capacity to build 5,350 units per year by 2027, 13,150 units per year by 2030, and 26,150 units by 2035.

As in Target 1, while most units are built in years six to ten under this model, the majority of funding must be dedicated and provided in early years to ensure the sector can scale rapidly over the next ten years. To start, this model requires a significant jump from the estimated 150 units anticipated in 2025 under normal conditions to the 2,750 units required to be added in 2026 to remain on track.

Cost to Governments

It is estimated that a total of \$1.1 billion by 2027, and \$5.6 billion by 2030 will be needed from governments to support both the capital and ongoing costs associated with these two- and five-year milestones.

The total capital costs associated with the creation of new deeply affordable units amounts to \$967 million by 2027 and \$4.89 billion by 2030. These costs are modelled through incentive programs which have already been introduced in Ontario. While these incentives have already been promised, these represent new costs to governments that will need to be recognized and accounted for to reach the scope of development required. In addition, the cumulative ongoing costs by years two and five, which are modelled as yearly subsidies in the form of tax relief for moderately affordable units, are estimated to reach \$85 million by 2027 and \$745 million by 2030.

TARGET 3:

Acquire, repair and maintain 225,000 units to prevent the further loss of affordable units.

Key Milestones

Two-year milestone: 25,000 existing affordable units acquired by 2027

Five-year milestone: 55,000 existing affordable units acquired by 2030

Frontloading acquisitions to prevent the loss of affordable housing and account for lags in development.

These milestones assume the majority of existing naturally occurring affordable housing being acquired within the first five years. This frontloading approach recognizes the need to move quickly to preserve the existing supply of naturally occurring affordable housing that is rapidly being lost. Focusing on acquisitions in the early years, will also allow non-profit and co-op housing providers to expand their assets while they scale their capacity to create new affordable units. This model assumes 12,500 units are acquired per year in 2026 and 2027, 10,000 units per year are acquired from 2028 to 2030 (inclusive) and that 5,000 units are acquired per year thereafter.

Addressing repair backlogs for the units in the poorest condition in early years.

Two-year milestone: 40,000 existing units have undergone significant repairs by 2027

Five-year milestone: 100,000 existing units have undergone significant repairs by 2030.

These milestones allow for the approximately 100,000 units currently in poor condition to be brought to good condition by 2030. Given the state of this housing and repairs necessary, there is no reason to delay addressing the capital repair backlog.

Cost to Governments

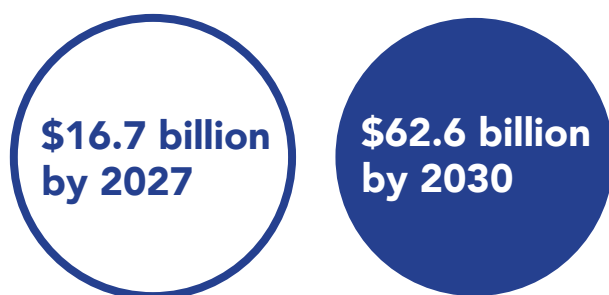
It is estimated that a total of \$7.9 billion by 2027, and \$19.0 billion by 2030 will be needed from governments to support the capital and ongoing costs associated with these two- and five-year milestones.

The total capital costs associated with the creation of new deeply affordable units amounts to \$7.92 billion by 2027 and \$19.00 billion by 2030. These costs represent government grants that will enable non-profit and co-op sector housing providers to acquire and repair assets in combination with their own contributions from equity and refinancing. There are no ongoing costs associated with Target 3, as acquired units and existing non-profit and co-op units are assumed to be self-sustaining within non-profit and co-op providers' existing financial models.

Costing the Plan

Achieving these targets will take significant investments in the coming years.

This plan identifies clear milestones that must be met to set Ontario on the path to achieve these ten-year targets. In addition, the following investments in both upfront capital costs and ongoing subsidies are recommended over the next two- and five-year horizons:



These estimates represent the investments required from all levels of government to enable the non-profit, co-op, and private sector to enact the proposed solutions. They recognize the significant efforts and contributions being brought forward by the non-profit and co-op sector while making clear that all levels of government have a key role to play. While many of these funds are proposed to be delivered through existing programs, these estimates also incorporate the new investments that are needed to increase our overall supply of deeply and moderately affordable housing.

Costs and considerations will vary geographically.

The estimates are meant to represent a broad, province-wide average of costs across Ontario. In reality, development costs can vary significantly from region to region.

Construction costs differ by location due to variations in labour and materials costs, different standards or specifications for building design (such as for climatic reasons), the scope or type of infrastructure

expansions required, or unique factors associated with local land conditions that impact construction methods. Construction is particularly costly in Northern Ontario due to the short construction season, labour shortages, and the cost of transporting materials.^[103] For example, the 2024 Altus Cost Guide estimates the per square foot cost of construction in the Greater Toronto Area to be \$205 to \$330 for wood framed residential development, whereas AMO and partners estimate that northern construction costs average \$500 per square foot.^[104]

At the same time, land costs, which are generally higher in the Greater Toronto Area and surrounding areas relative to other regions in Ontario, play a significant role in overall costs. Further, development and construction timelines can vary due to municipal approval timelines, length of construction seasons, or unique development or infrastructure requirements, which can in turn impact access to and cost of financing.

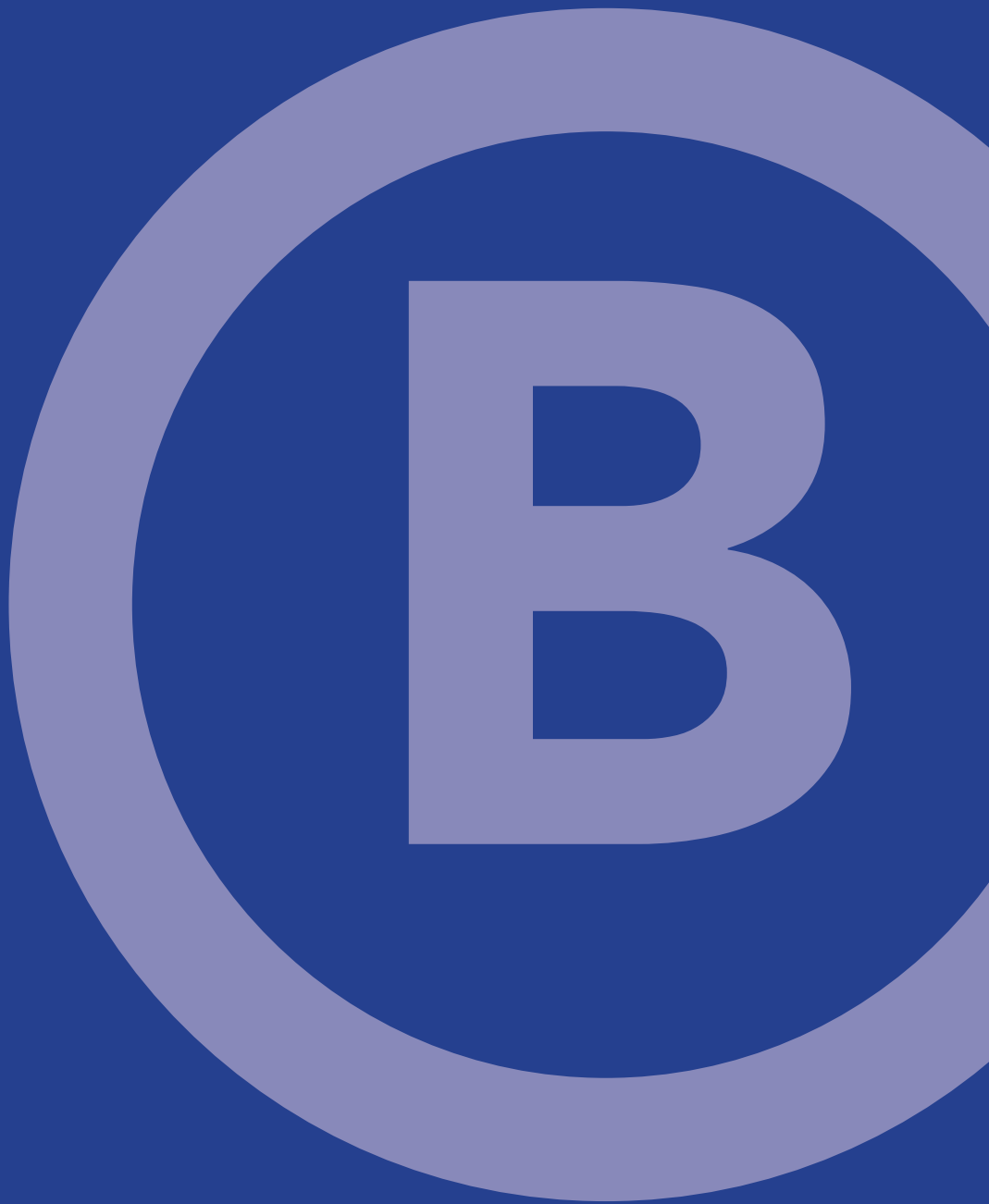
This report echoes the recommendations made by AMO and partners^[105] that an equitable approach to addressing homelessness and housing challenges across Ontario will require that funding formulas reflect these cost disparities and that investments are sufficient to address regional variations. Further, these considerations should take place in collaboration with local communities, particularly northern, remote, rural, and Indigenous communities to ensure their unique needs are met.

Evolving conditions will require ongoing refinement of these targets.

The economic, demographic, and policy landscape in Ontario is constantly evolving. Changes to immigration policies and patterns, climate catastrophes, and evolving demographic patterns can impact household projections. Macroeconomic shocks, such as recessions, inflation, or changing trade relations can impact households' ability to access and maintain housing and exacerbate challenges in interconnected systems.^[106] Further, while these targets assume similar conditions to those seen today, significant changes in upstream interventions, such as poverty reduction, fixed income rates, or mental health and addictions supports can impact the scale of intervention required.^[107]

These factors underscore the need to evaluate and adjust these targets and key milestones over time.

Appendix B: Additional Methodology



Sub-Targets

Supportive Housing Sub-target

This sub-target is divided into several components, as supportive housing options can vary in its focus and target population.

With regards to individuals with developmental disabilities, the number of households on waitlists for developmental services supportive living has increased consistently year over year from 18,152 in 2017-2018 to 28,128 in 2023-24, according to Development Services Ontario (DSO) data^[108]. This data was used to project the number of households anticipated to be on these waitlists by 2035 using a linear trendline.

With regards to supportive housing units for individuals or households experiencing addictions and mental health challenges, Addictions and Mental Health Ontario^[109] has called on all levels of government to build at least 36,000 units of supportive housing based on current levels of need. To project this forward, the anticipated rate of household growth between 2025 and 2035 (+14%) was applied, resulting in a projected 41,000 units.

The number of supportive housing units required over the next ten years for individuals experiencing homelessness was taken from the findings of AMO and partners under a steady scenario^[110].

Data on supportive housing for individuals with physical disabilities is limited. As of September 2024, March of Dimes, one of the largest providers of supportive housing for individuals with physical disabilities across Ontario, had 2038 households awaiting supportive housing. To recognize that this only captures a portion of demand, this figure was doubled and projected forward using the anticipated rate of household growth between 2025 and 2035 (+14%), resulting in approximately 5,000 households.

Limitations and Considerations: It must be emphasized that the lack of accurate, coordinated data surrounding the need for supportive housing presents a significant limitation for estimating this sub-target.

Indigenous Housing Sub-targets

A note on census data: In order to estimate the proportion of Indigenous households requiring a deeply or moderately affordable unit, the proportion of low- and moderate-income Indigenous households within households experiencing core housing need and affordability issues was calculated, where Indigenous households were defined as households with a primary maintainer who is Indigenous.

It is important to note, however, that rates of census participation is lower in Indigenous populations compared to the general population due to barriers such as a lack of fixed address, distrust of government due to colonial practices, and migration between geographic locations, including from on and off reserve. Recent research using Our Health Counts data in Toronto and Ontario have found that Indigenous populations are 2 to 4 times higher than what is reported in the census.^[111,112] As such, the potential for census undercount has been taken into account in creating these sub-targets, as described below.

Target 1. This sub-target is made up of two components: the number of low-income Indigenous households estimated to be experiencing core housing need by 2035, and the number of Indigenous individuals or households estimated to be experiencing homelessness by 2035.

According to custom tabulated data from the 2021 Census of Population, of the low-income renter households in core housing need, 4.0% had a household maintainer who identified as Indigenous. This proportion was then applied to the total number of low-income households anticipated to be in core housing need by 2035 (760,000), resulting in an estimated 29,000 households. A census undercount was not applied here to avoid over-counting with the added estimates of Indigenous households experiencing homelessness.

It was further estimated that 35% of the 75,000 units required to address chronic homelessness must be for Indigenous households, based on the following data points and considerations:

- Based on 2024 data from Service Managers, AMO and partners report that 10.6% of the population known to be experiencing chronic homelessness was Indigenous; however, they acknowledge this figure likely underrepresents the true extent of Indigenous overrepresentation among chronic homelessness due to systemic barriers to accurate enumeration. Regional differences were also significant, with 44.6% of the chronically homeless population being Indigenous in northern regions, for example.^[113]
- Based on Canada-wide Point-in-Time Counts held between March 2020 and December 2022, 35% of respondents experiencing homelessness identified as Indigenous.^[111]
- This same rate (35%) was found as part of the 2018 Point-in-Time Counts conducted across Ontario.^[115]

As such, 35% was selected as an approximate point reflecting data sources and in recognition of the challenges associated with undercounting Indigenous individuals in census and homelessness data. This results in an estimated 26,000 Indigenous household who could experience chronic homelessness by 2035. In combination with the 29,000 low-income Indigenous households anticipated to be in core housing need, the total sub-target is 55,000 units.

Target 2. According to custom tabulated data from the 2021 Census of Population, approximately 2% of the moderate-income renter households in core housing need or paying over 30% of their income on shelter are Indigenous households living off-reserve. A conservative upward adjustment by a factor of 4 times has been applied in response to both census undercounting and a recognition of the disproportionate rates of housing precarity among Indigenous populations. This factor was applied to the number of moderate-income Indigenous households experiencing core housing need in 2021 (with the total

number of moderate households in core housing need being adjusted upwards accordingly). As a result, approximately 8% of moderate-income renter households in core housing need or paying over 30% of their income on shelter are estimated to be Indigenous households living off-reserve. Applying this proportion to the 145,000 units required results in approximately 12,000 units being required for Indigenous households.

Limitations and Considerations. Ultimately these numbers should be treated with caution given the limitations associated with using census data to measure housing need among Indigenous populations. The sub-targets presented here are intended as minimum targets, recognizing the disproportionate housing need among Indigenous populations.

Further, the Indigenous sub-targets do not account for the housing needs of Indigenous households living on reserve in Ontario, as core housing need is not measured for households living on reserve, and such an estimate is outside the scope of this report. While the need for adequate housing solutions for the more than 25,000 households currently living on reserve in Ontario^[116] cannot be understated, their unique needs go beyond the scope of the target provided here. Governments must work directly with First Nations to support First Nations' housing priorities across Ontario.

Additional Considerations

Data may not accurately capture the needs of unique population groups, which must be considered in the delivery of this housing.

As noted by the Office of the Federal Housing Advocate, certain population groups are not measured for core housing need, including students, on-farm residents (including temporary migrant workers), and those living in congregate settings.^[117] It is estimated that these populations make up roughly 60,000 of the households included in Target 1. As of 2021 in Ontario, according to Statistics Canada, there were:

- 25,822 on-farm temporary workers (0.2% of population).^[118]
- 920,145 students (6.4% of population).^[119]
- 92,192 individuals in congregate settings (1.4% of population).^[120]

Together, these population groups made up 8% of Ontario's population in 2021. Assuming these proportions stay consistent, when this 8% of the population is removed from the projected population in 2035, the resulting estimate of low-income households in core housing need in 2035 is reduced by approximately 60,000 households.

While the current methodology assumes these groups form households or experience housing need at the same rate as the broader population, this may underrepresent the unique needs of these population groups. Ultimately the solutions put forward over the next decade must recognize a diversity of housing needs across Ontario.

Key Milestones

Target 1

Modelling a rapid expansion in the development of deeply affordable housing units.

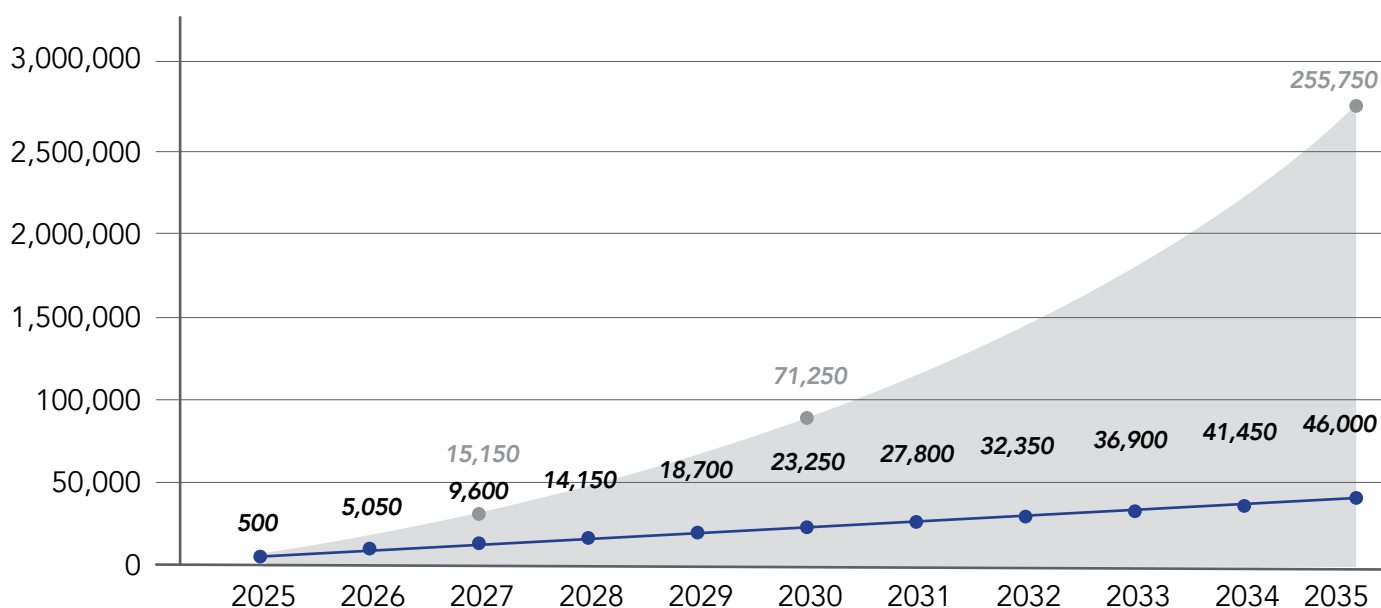
The ten-year model presented here demonstrates the level of consistent growth needed to reach the ten-year target.

The model first establishes a baseline level of capacity in the creation of new deeply affordable units. Between 2020 and 2023 (inclusive), 2,629 social and affordable housing units were created, or approximately 650 per year, according to CMHC's social and affordable housing survey. As a baseline, it is assumed that approximately 500 deeply affordable units will be created in 2025 under current conditions (as well as 150 moderately affordable units, discussed under Target 2). The model assumes a constant growth scenario, whereby the number of units added each year increases by a consistent amount. To reach the total target of 550,000 units, the number of units added per year must increase by 4,550 units each year. Figure 3 shows the number of units added each year from 2025 to 2035, as well as the cumulative number of units achieved each year.

As noted, while this model assumes the majority of units (at least 183,750 units) will be created between 2031 and 2035, significant upfront investment is needed to ensure the non-profit and co-op sector can scale at the pace required.

Figure 3: Proposed number of newly created deeply affordable units, Ontario 2025 to 2035

● Cumulative units to be added ● Units to be added



Adding portable housing benefits on top of the new units to ensure priority populations can access deeply affordable housing by 2030.

The interim targets for portable housing benefits have been designed to ensure that the needs of two priority populations can be met within the next five years: individuals or households experiencing or at risk of chronic homelessness, and low-income renter households in deep core housing need (paying over 50% of their income on shelter in addition to being in core housing need). The number of portable housing benefits required is based on the total number of these target populations, minus the number of new units that will have been created.

AMO and partners have estimated that 41,512 people experienced chronic homelessness in Ontario in 2024, and that 75,050 new housing and support spaces are needed to end chronic homelessness by 2035.^[121] While interim projections of chronic homelessness are not provided, this model uses a rough approximation that there will be 50,000 people experiencing chronic homelessness by 2027, and 60,000 by 2030.

Based on custom tabulation data from the 2021 census, it is estimated that 41% of the low-income households in core housing need will be in deep core housing need in any given year will. Using the same projection methodology outlined previously under this target, it is estimated that there will be 261,000 low-income households in deep core housing need by 2027, and 272,000 by 2030.

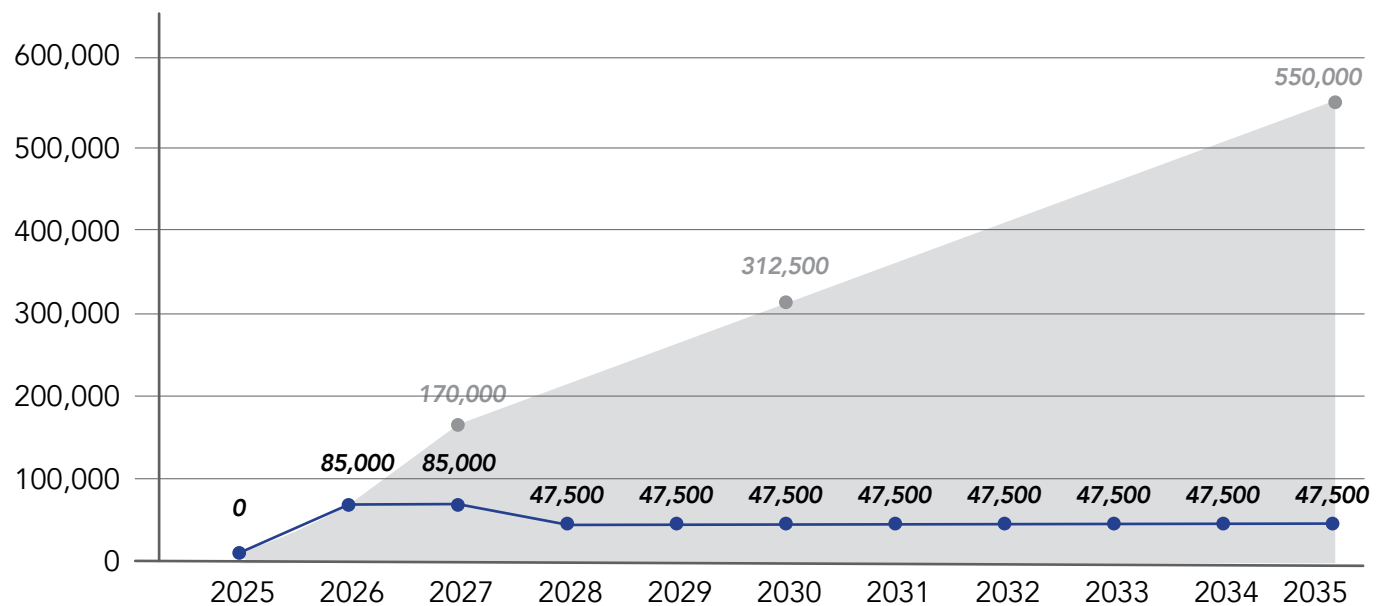
The following benchmarks are provided based on these estimates:

- As a first goal, all individuals experiencing or at risk of chronic homelessness (50,000) and half of the low-income households experiencing deep core housing need (131,000) should have access to deeply affordable housing by 2027. In addition to the 15,150 new units anticipated by 2027, at least 166,000 portable housing benefits are required to support these 181,000 households. As such, the model proposes that 170,000 portable housing benefits be created by 2027.
- By 2030, the model proposes that all individuals experiencing or at risk of chronic homelessness (60,000) and all households in deep core housing need (272,000) should have access to deeply affordable housing. In addition to the 71,250 units to be created by 2030, at least 260,750 portable housing benefits should be created to support these 332,000 households. The model proposes 312,500 portable housing benefits be created by 2030.

Figure 4 models the number of benefits added per year as well as the total number of benefits to be maintained each year.

Figure 4: Proposed number of newly created deeply affordable units, Ontario 2025 to 2035

● Cumulative units to be added ● Units to be added



Target 2

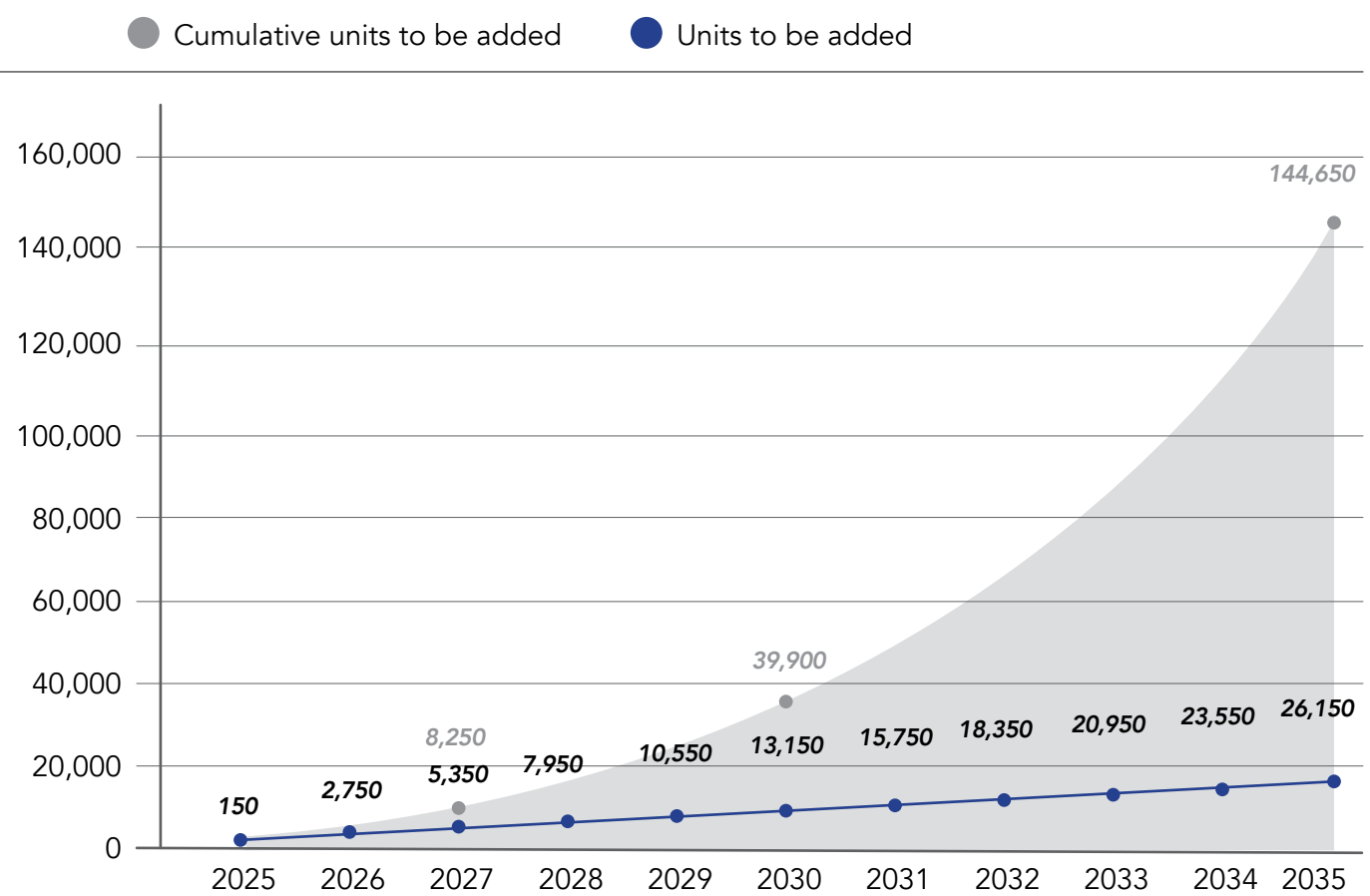
Modelling a rapid expansion in the development of moderately affordable housing units.

The ten-year model presented here demonstrates the level of consistent growth needed to reach the ten-year target.

The model first establishes a baseline level of capacity in the creation of new deeply affordable units. Between 2020 and 2023 (inclusive), 2,629 social and affordable housing units were created, or approximately 650 per year, according to CMHC's social and affordable housing survey. As a baseline, it is assumed that approximately 150 moderately affordable units will be created in 2025 under current conditions (as well as 650 moderately affordable units, discussed under Target 1). The model assumes a constant growth scenario, whereby the number of units added each year increases by a consistent amount. To reach the total target of 145,000 units, the number of units added per year must increase by 2,600 units each year. Figure 5 shows the number of units added each year from 2025 to 2035, as well as the cumulative number of units achieved each year.

As noted, while this model assumes the majority of units (at least 105,000) will be created between 2031 and 2035, significant upfront investment is needed to ensure the non-profit and co-op sector can scale at the pace required.

Figure 5: Proposed number of newly created moderately affordable units, Ontario 2025 to 2035



Target 3

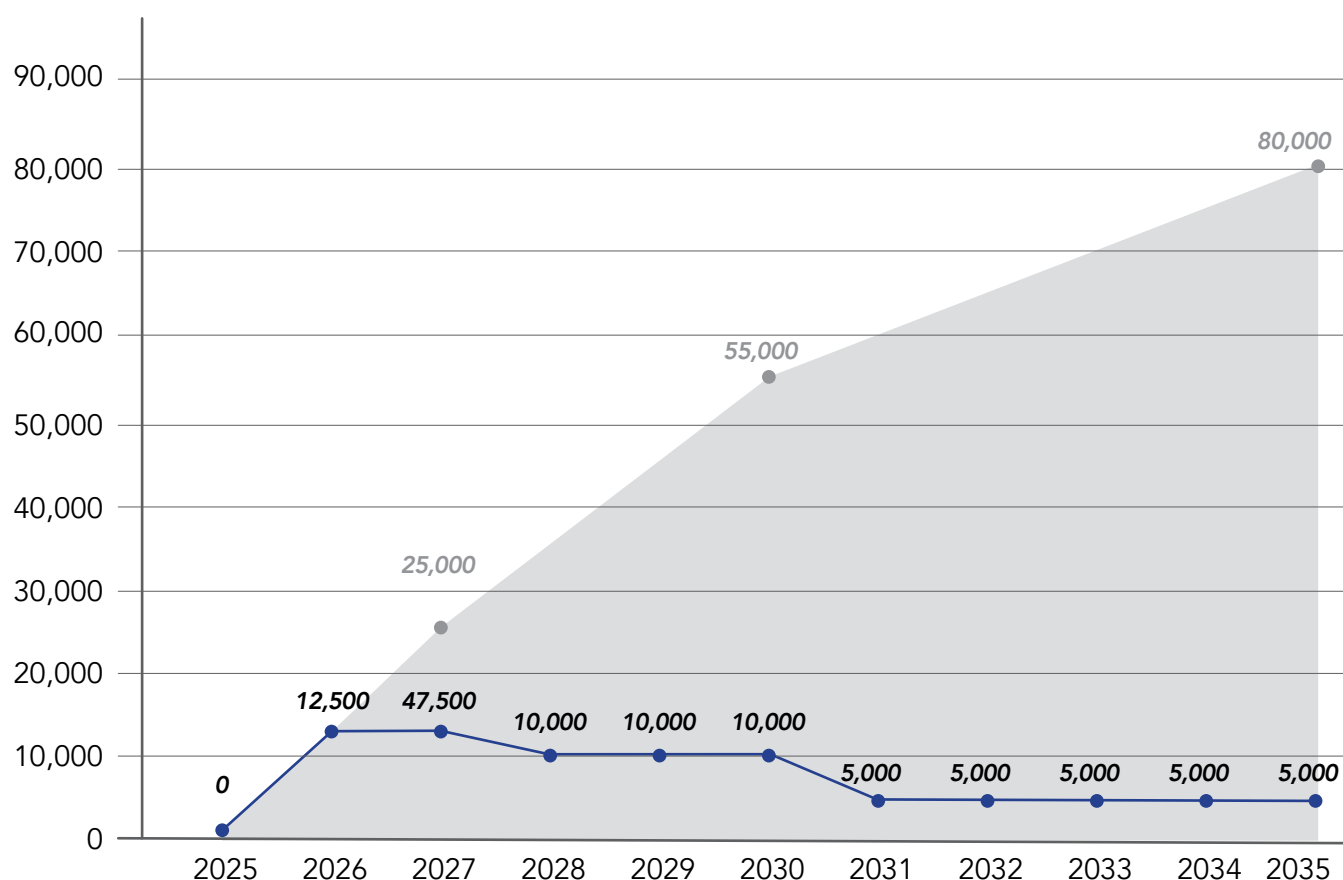
Frontloading acquisitions to prevent the loss of affordable housing and account for lags in development.

The model here assumes that after year zero (2025), the majority of existing naturally occurring affordable housing will be acquired between years one and five (inclusive). This frontloading approach recognizes the need for prompt action to preserve the existing supply of naturally occurring affordable housing that is rapidly being lost, with urgent action required in the first two years.

Focusing on acquisitions in the coming years further allows non-profit and co-op housing providers to expand their assets while they scale their capacity to create new affordable units.

Figure 6: Proposed number of acquisitions of naturally occurring affordable housing, Ontario 2025 to 2035

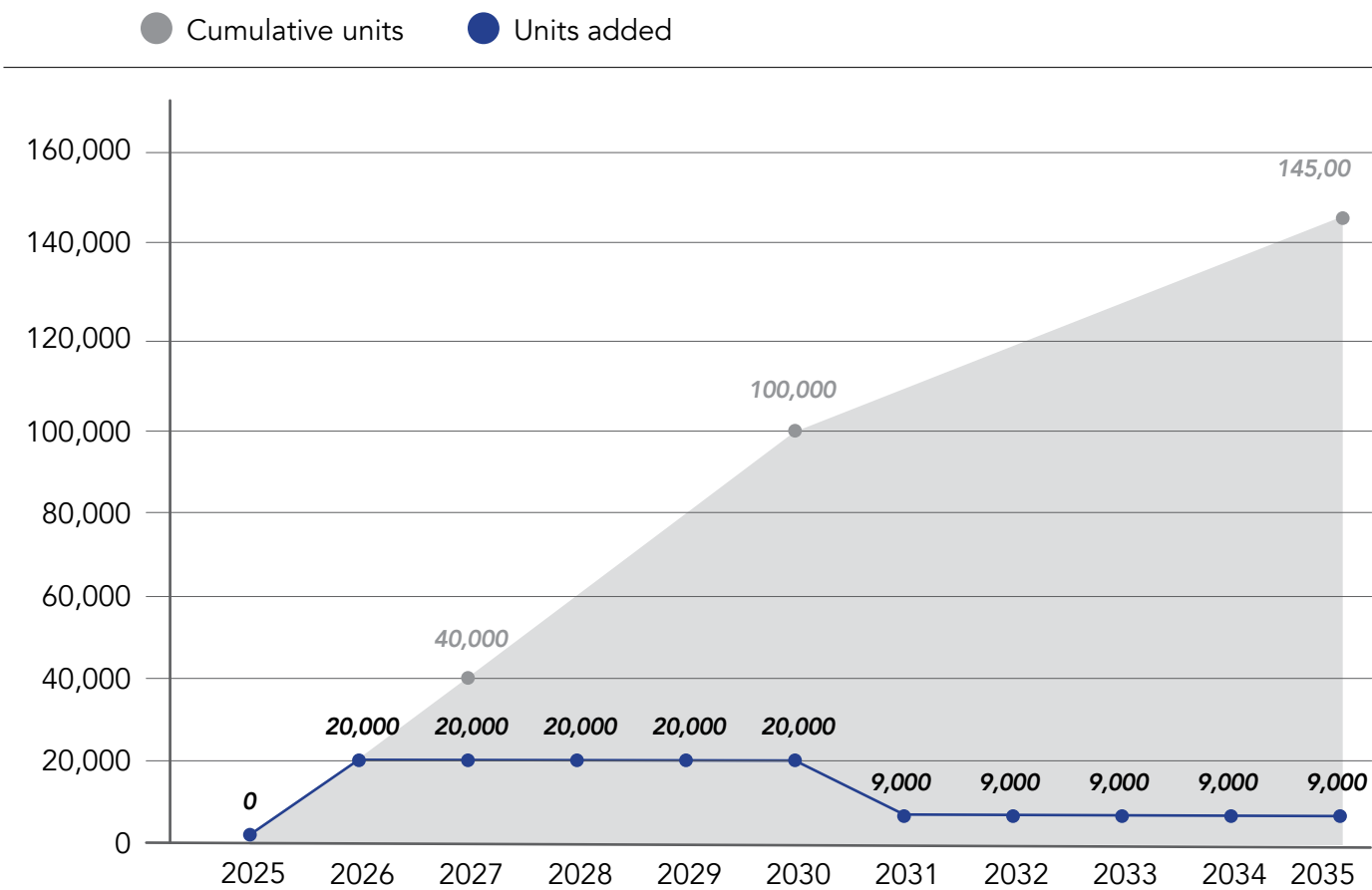
● Cumulative units to be added ● Units to be added



Addressing repair backlogs for the units in the poorest condition in the first five years

The proposed model for significant capital repairs seeks to bring the approximately 100,000 non-profit, co-op, and affordable housing units currently in poor condition into a good state of repair by 2030. In the following years, the remaining 45,000 units which are currently in fair, good or average condition, but could fall into poor condition without adequate intervention should be addressed.

Figure 7: Proposed number of significant repairs of existing non-profit, co-op, and affordable housing, Ontario 2025 to 2035



Costing

Target 1

Calculating the capital investment required for deeply affordable units.

It is estimated that \$300,000 of government investment is needed per new unit of deeply affordable or supportive housing. This figure is based on aggregated data from SHS on recent deeply affordable and supportive housing development projects. This estimate is based on the following assumptions:

- An average total per unit cost of development of \$630,000 across the province, including land, hard costs, soft costs and HST, based on over a dozen projects in various stages of development;
- Non-profit and co-op housing provider contributions of 8% of the total cost in the form of land and/or equity;
- A CMHC Affordable Housing Program mortgage covering 45% of the total cost; and
- Total government investment covering the remaining 47% of the total cost, consisting of direct grants, fee waivers, and HST rebates.

A 2.2% inflation factor is applied to this cost each year following 2025. This represents the average rate of inflation, as per the Ontario Consumer Price Index between 2004 and 2024. This also aligns with the Bank of Canada's projected inflation rate of 2% into 2026.

Table 4 shows the number of units added in a given year, the government investment required per unit that year (taking into account inflation over time), the total government investment based on the number of units added that year, and the cumulative government investment, which represents the sum of investment for that year and all years prior.

Table 4: Proposed capital government investment and cumulative costs per unit, Ontario, 2025 to 2030

Year	Units added per year	Yearly government investment per unit	Yearly government investment	Cumulative government investment
2025	500	\$ 300,000	\$ 150,000,000	\$ 150,000,000
2026	5,050	\$ 306,707	\$ 1,548,871,138	\$ 1,698,871,138
2027	9,600	\$ 313,564	\$ 3,010,216,947	\$ 4,709,088,085
2028	14,150	\$ 320,575	\$ 4,536,131,725	\$ 9,245,219,810
2029	18,700	\$ 327,742	\$ 6,128,772,188	\$ 15,373,991,998
2030	23,250	\$ 335,069	\$ 7,790,359,215	\$ 23,164,351,213

Calculating the ongoing subsidy required to sustain deeply affordable units and portable housing benefits.

In addition to government capital investments, ongoing rent supplements and support service funding is required to sustain the newly created units. In 2025 dollars, the average required subsidy for a deeply affordable unit (without support services) is \$8,500 and the average required subsidy and support services for a supportive housing unit is \$30,000. These estimates are based on data collected from Ontario Service Managers by AMO and partners.^[122] It is assumed that half of the deeply affordable units created by 2027 and 2030 will be supportive units, resulting in an average cost of \$19,250 per unit in 2025. A 2.2% inflation factor is similarly applied to these estimates each year following 2025.

The average portable housing benefit as of 2025 was estimated to be \$9,900. This is based on the difference between household incomes among low-income households and average market rent. As of 2020, the upper income limits were \$27,800 for renter households in the first income decile and \$37,600 for renter households in the third income-decile. A mid-point of \$29,200 was used as the reference. This amounts to an estimated household income of \$34,285 in 2024, for which an affordable unit would cost no more than \$857. As of 2024, average market rent in Ontario was \$1,666, resulting in a shortfall of \$809 a month and \$9,706 a year which must be supplemented through a portable housing benefit. Using the estimated 2.2% inflation factor, this has been adjusted to \$9,900 as of 2025.

The following tables show the government subsidies required for new units (Table 5) and portable benefits (Table 6). Each table shows the total number of units or benefits created by that year, government subsidy required per unit/benefit for a given year (taking into account inflation over time), the total yearly subsidy required for all units built or benefits created by that year, and the cumulative government cost up until that year, which represents the sum of the subsidies for that year and all years prior.

Table 5: Proposed yearly government subsidy per unit and all units to date and cumulative government costs for Ontario, 2025 to 2030

Year	Units added per year	Yearly government subsidy per unit	Yearly government subsidy	Cumulative government cost
2025	500	\$ 19,250	\$ 9,625,000	\$ 9,625,000
2026	5,550	\$ 19,680	\$ 109,226,086	\$ 118,851,086
2027	15,150	\$ 20,120	\$ 304,823,661	\$ 423,674,747
2028	29,300	\$ 20,570	\$ 602,707,113	\$ 1,026,381,861
2029	48,000	\$ 21,030	\$ 1,009,444,831	\$ 2,035,826,692
2030	71,250	\$ 21,500	\$ 1,531,894,561	\$ 3,567,721,252

Table 6: Proposed yearly government subsidy and per benefit and all benefits to date and cumulative government costs for Ontario, 2025 to 2030

Year	Benefits to date	Yearly government subsidy per benefit	Yearly government benefit	Cumulative government cost
2025	0	\$ 9,900	\$ 0	\$ 0
2026	85,000	\$ 10,121	\$ 860,313,573	\$ 860,313,573
2027	170,000	\$ 10,348	\$ 1,759,095,528	\$ 2,619,409,101
2028	217,500	\$ 10,579	\$ 2,300,924,767	\$ 4,920,333,868
2029	265,000	\$ 10,815	\$ 2,866,102,288	\$ 7,786,436,156
2030	312,500	\$ 11,057	\$ 3,455,401,265	\$ 11,241,837,421

Target 2

Modelling investments required for moderately affordable units based on existing incentive programs.

The estimated government investment needed to facilitate the development of moderately affordable units by non-profit, co-op, and private developers is modelled off of existing incentives programs designed to promote affordable rental housing in Ontario. This includes HST rebates and development charge waivers, both of which are modelled as capital costs, and property tax relief, which is modelled as an ongoing subsidy.

Calculating the capital investment required.

For the purposes of modelling these incentives, the cost per unit and unit value is assumed to be the same as deeply affordable units (\$630,000).

HST rebate. In 2024, the federal and provincial governments announced HST waivers on purpose-built rental. This change came after calls from many reports, including the National Housing Accord,^[123] Task Force for Housing and Climate,^[124] the Ontario Chamber of Commerce, among others^[125] to implement this initiative in support of affordable rental development. The HST rebate is assumed to cost governments \$81,900 (13% of 630,000).

Development Charge Waivers. Ontario waived Development Charges (DCs) on affordable units following calls from many advocates and reports, including RBC^[126] and the Ontario Housing Affordability Task Force^[127]. The DC waiver is assumed to be \$32,000 (5% of 630,000) based on a 2022 estimate from AMO^[128] that DCs make up 5% to 7% of total development costs. This was further validated by review of average DC rates for apartment units for 10 different municipalities that resulted in an average rate of \$26,700. The sample included two municipalities from each region (excluding northwest Ontario due to lack of data) and included a mix in size and urban/rural character of municipalities.

In total, the capital investment required to achieve moderate affordability is estimated to be \$113,000 per unit in 2025. A 2.2% yearly inflation factor has been applied.

Further, the incentives modelled here do not represent the introduction of new programs but serve to acknowledge the costs associated with existing programs as applied to the newly created moderately affordable units. Further, this report acknowledges that these incentives alone may be insufficient to support the development of affordable rental housing. Additional investments may be necessary to improve the overall viability of constructing new purpose-built rental depending on geographic location, built form and other factors.

Table 7 shows the number of units added each year, the government investment required per unit that year, the total government investment based on the number of units added that year, and the cumulative government investment, which represents the sum of investments for that year and all years prior.

Table 7: Proposed capital investment and cumulative costs per unit, Ontario, 2025 to 2030

Year	Units per year	Yearly government investment per unit	Yearly government investment	Cumulative government investment
2025	150	\$ 113,000	\$ 16,950,000	\$ 16,950,000
2026	2,750	\$ 115,526	\$ 317,697,496	\$ 334,647,496
2027	5,350	\$ 118,109	\$ 631,884,255	\$ 966,531,751
2028	7,950	\$ 120,750	\$ 959,960,880	\$ 1,926,492,631
2029	10,550	\$ 123,449	\$ 1,302,391,402	\$ 3,228,884,033
2030	13,150	\$ 126,209	\$ 1,659,653,660	\$ 4,888,537,692

Calculating the ongoing subsidy required to sustain moderately affordable units.

The ongoing government subsidy is modelled as property tax relief for the affordable units. Existing programs in Ontario, including incentive programs in Toronto^[129] and Ottawa^[130] provide property tax relief, to support the development of affordable housing. While existing programs are provided by municipalities, this model assumes such a program would be applied province-wide, and that costs would be balanced across different levels of government to help ensure financial sustainability.

The weighted average property tax rate across Ontario is estimated to be 1.15%, based on a sample of 293 municipalities for which property tax and population data was available.^[131] The total value of each unit is assumed to equal the cost of development (\$630,000), resulting in a yearly property tax cost and corresponding yearly subsidy of \$7,245 in 2024. A 2.2% inflation factor has been applied.

Table 8 shows the total number of units created by each year, the government subsidy required per unit that year, the total yearly subsidy required for all units created by that year, and the cumulative government cost up until that year, which represents the sum of the subsidies for that year and all years prior.

Table 8: Proposed yearly government subsidy per unit and all units to date and cumulative government costs for Ontario, 2025 to 2030

Year	Units to date	Yearly government subsidy per unit	Yearly government subsidy	Cumulative government cost
2025	150	\$ 7,245	\$ 1,086,750	\$ 1,086,750
2026	2,900	\$ 7,407	\$ 21,480,236	\$ 22,566,986
2027	8,250	\$ 7,573	\$ 62,473,760	\$ 85,040,746
2028	16,200	\$ 7,742	\$ 125,418,432	\$ 210,459,178
2029	26,750	\$ 7,915	\$ 211,725,318	\$ 422,184,496
2030	39,900	\$ 8,092	\$ 322,867,668	\$ 745,052,164

Calculating the capital cost for acquisitions.

The capital cost for acquisitions is estimated to be \$180,535 per unit in 2025 dollars. This is based on data from Toronto's Multi-Unit Residential Acquisition program.^[132] During 2023, this program funded the acquisition of 213 units at an average cost of \$172,517 per unit. Projected to 2025 using the anticipated change in consumer price index between 2023 and 2025, this is estimated at \$180,535.

As a secondary point of reference, the Acquisitions for Affordable Housing^[133] report from Housing Assessment Resource Tools estimates based on previous research that acquisition programs can deliver affordable housing at about 50% to 70% of the costs of new construction in high-cost locations, and that governments may only need to provide 25% to 40% of these costs given the capacity for existing debt load. Assuming costs of acquisitions are 70% of the \$630,000 cost attributed to new construction (i.e. total cost of \$441,000), a 40% government investment would amount to \$176,400, roughly in line with the above estimate. A 2.2% yearly inflation factor has been applied.

Table 9 shows the number of units acquired each year, the government investment required per unit that year, the total government investment based on the number of units added that year, and the cumulative government investment, which represents the sum of investments for that year and all years prior.

Table 9: Proposed capital government investment and cumulative investment per unit acquired, Ontario, 2025 to 2030

Year	Units acquired per year	Yearly government investment per unit	Yearly government investment	Cumulative government investment
2025	-	\$ 180,535	-	-
2026	12,500	\$ 184,571	\$ 2,307,140,684	\$ 2,307,140,684
2027	12,500	\$ 188,698	\$ 2,358,721,860	\$ 4,665,862,544
2028	10,000	\$ 192,916	\$ 1,929,164,996	\$ 6,595,027,540
2029	10,000	\$ 197,230	\$ 1,972,295,699	\$ 8,567,323,239
2030	10,000	\$ 201,639	\$ 2,016,390,682	\$ 10,583,713,921

Calculating the capital cost for significant repairs.

The average cost for significant repairs is calculated based on the average estimated Facility Condition Index. The social and affordable housing survey conducted by CMHC asks respondents to report the overall condition of their building based on their latest Building Condition Assessment (BCA) or a Facility Condition Index (FCI). FCI measures the total cost of needed or outstanding repairs at a given point in relation to that asset's replacement value. While a benchmark for a 'poor' FCI value is not publicly available from CMHC, a target of 25% is assumed here based on existing benchmarks.^[134,135]

Assuming a per unit replacement cost of \$630,000, an FCI of 25% would indicate that \$157,500 worth of repairs are required on average per unit in poor condition. Typically non-profit and co-op housing providers conduct ongoing repairs through capital reserves that are set aside from rents collected and subsidies. However, inconsistent and insufficient funding alongside policy constraints has placed limits on providers' ability to raise sufficient capital reserves to address significant repair backlogs that can accumulate over time. That being said, many providers are able to leverage their assets to support significant capital repairs, particularly for older development that have reached end of mortgage or end of agreement.

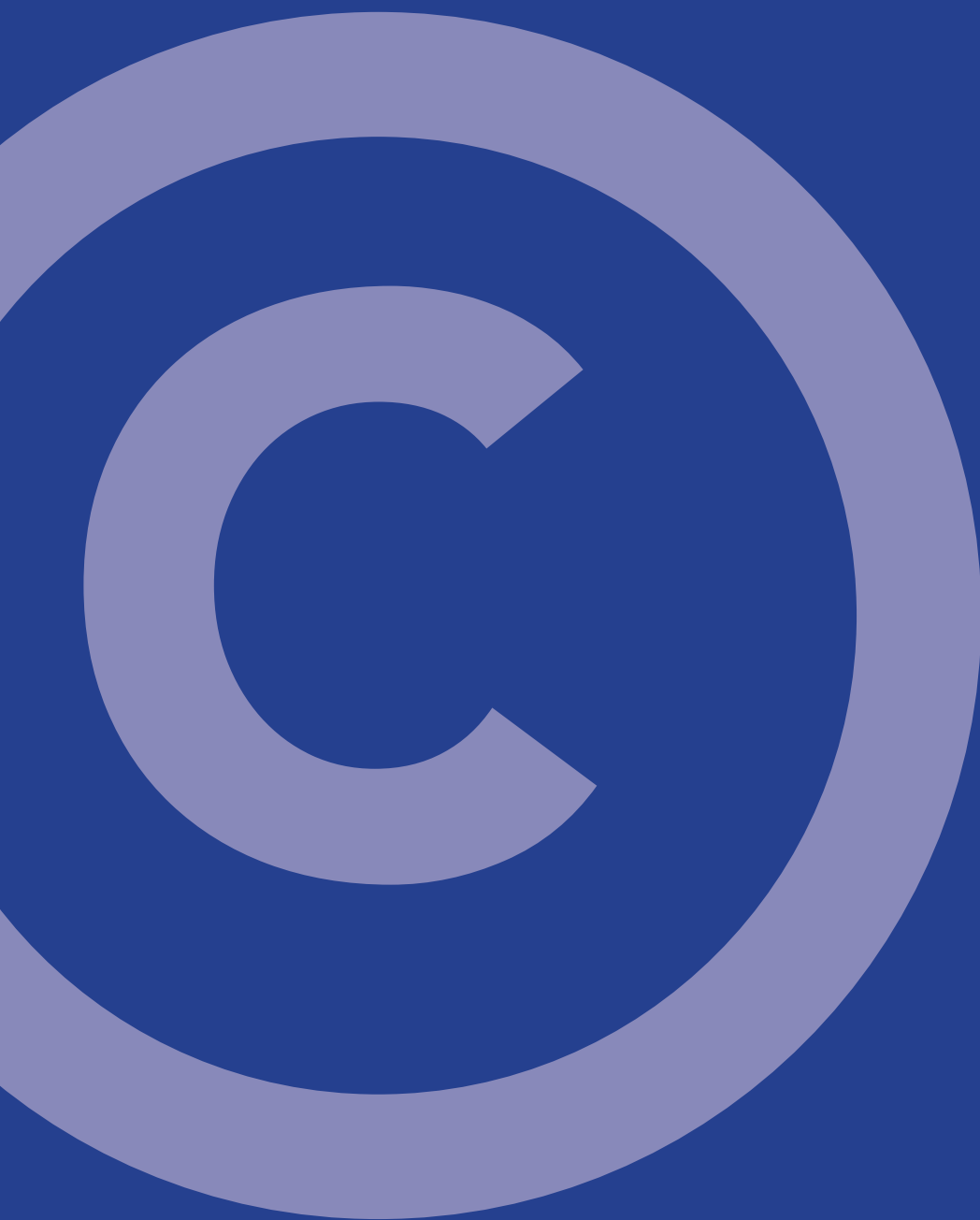
The proportion of investment any given provider can contribute to capital repairs through refinancing varies significantly based on the age, location, and funding model of the building, as well as available financing rates, among other factors. This model assumes that non-profit and co-op housing providers will cover 50% the cost of significant capital repairs, recognizing that this is a rough estimate that should be treated with caution. As such, the yearly government investment required is \$78,750 in 2025 dollars. A 2.2% yearly inflation factor has been applied.

Table 10 shows the number of units repaired each year, the government investment required per unit for that year, the total government investment based on the number of units added that year, and the cumulative government investment, which represents the sum of investments for that year and all years prior.

Table 10: Proposed capital government investment and cumulative investment per unit repaired, Ontario, 2025 to 2030

Year	Units repaired	Yearly government investment per unit	Yearly government investment	Cumulative government investment
2025	-	\$ 78,750	-	-
2026	20,000	\$ 80,511	\$ 1,610,212,569	\$ 1,610,212,569
2027	20,000	\$ 82,311	\$ 1,646,212,393	\$ 3,256,424,962
2028	20,000	\$ 84,151	\$ 1,683,017,071	\$ 4,939,442,033
2029	20,000	\$ 86,032	\$ 1,720,644,598	\$ 6,660,086,631
2030	20,000	\$ 87,956	\$ 1,759,113,371	\$ 8,419,200,003

Appendix C: Endnotes



- 1 OECD. (2024). OECD Affordable Housing Database – Indicator PH4.2: Social rental housing stock. OECD Directorate of Employment, Labour and Social Affairs, Social Policy Division.
- 2 Laberge, M. (2025). Solving the housing crisis is a marathon not a sprint. Canada Mortgage and Housing Corporation.
- 3 Young, R. (2023). Canadian Housing Affordability Hurts. Scotiabank Global Economics.
- 4 Canadian Housing and Renewal Association and Housing Partnership Canada (2023). The Impact of Community Housing on Productivity.
- 5 Office of the Federal Housing Advocate (2024). Putting people first: The Federal Housing Advocate’s 2023-2024 Annual Report to the Minister.
- 6 Gaetz S, Dej E, Richter T, et al. (2016). The state of homelessness in Canada 2016. Toronto: Canadian Observatory on Homelessness Press.
- 7 Based on the household income distribution of renter households, the upper income limits of the third and sixth deciles (30th and 60th percentile) in 2020 were \$37,600 and \$70,500, respectively, based on custom ordered data from Statistics Canada. These household incomes were projected to 2024 using the change in the consumer price index for Ontario from 2020 to 2024 (+17.4%).
- 8 Definition taken from: Financial Accountability Office of Ontario. (2021). Housing and Homelessness Programs in Ontario.
- 9 All data is taken from Statistics Canada Census products or the CMHC Rental Market Survey, unless otherwise stated.
- 10 Between 2006 to 2021 in Ontario, average market rent in the primary market grew by 57.0% and self-reported rental shelter costs grew by 68.8%.
- 11 Between 2006 and 2021 in Ontario, owner-estimate dwelling values grew by 171% and the average yearly MLS Home Price Index Benchmark price grew by 195%. Canadian Real Estate Association. (2024). MLS Home Price Index (HPI).
- 12 Young, R. (2023). Canadian Housing Affordability Hurts. Scotiabank Global Economics.
- 13 Monthly incomes for 2024 were calculated based on the following:
 Ontario Disability Support Program recipients who are single can receive up to \$1368 per month for basic needs and shelter. Additional amounts may be received under relevant circumstances. Government of Ontario. (2024). Ontario Disability Support Program.

Ontario Works recipients who are single can receive up to \$733 a month for basic needs and shelter. Additional amounts may be received under relevant circumstances. Government of Ontario. (2024). Ontario Works.

For the purposes of this analysis, the following were summed to calculate an average public pension amount: The average monthly amount paid for a new Canadian Pension Plan (at age 65) as of July 2024, was \$815. Government of Canada. (2024). CPP Retirement pension.

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