

# A negotiated approach: Evaluating affordable housing outcomes from Section 37 agreements (1988-2018)

PRELIMINARY FINDINGS\*

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# Outline of talk

**01.** Introduction & methodology

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**02.** Context

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**03.** Preliminary findings\*: Spatiotemporal analysis of affordable housing benefits

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**04.** Issues & concluding remarks

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**05.** Q&A

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\* Important to note that research and analysis are still in progress and the numbers may change. See forthcoming IMFG report for final results and for details on data limitations and assumptions.

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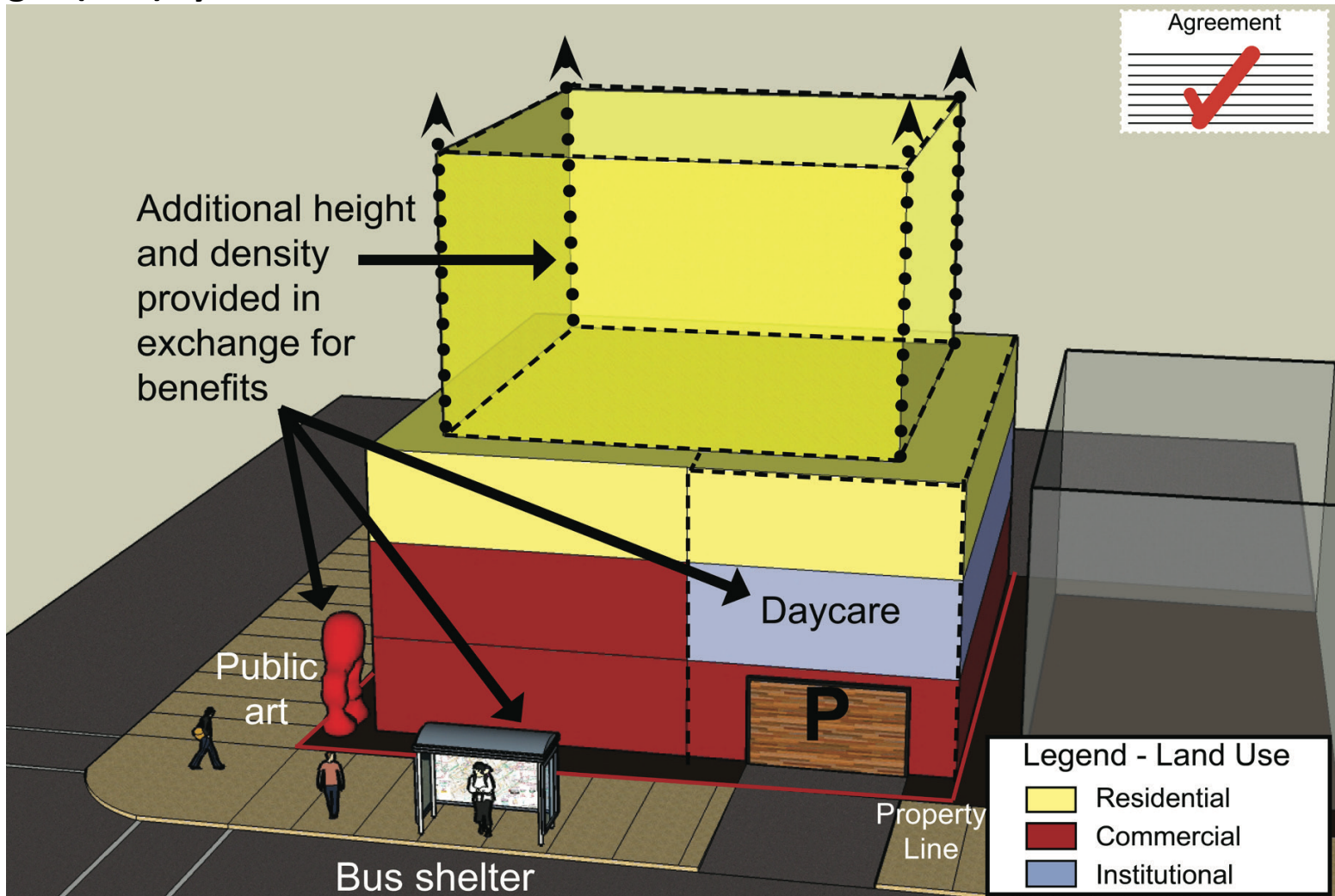
# About the research

- Update of research conducted in 2009-2010.
- Examination of Section 37 data that contain affordable housing benefits to understand what was produced.
- Creation of unique database that focuses on affordable housing benefits



# What is Section 37?

Illustration of old S. 37 regime. Municipalities transitioning to new Community Benefits Charges (CBC) system.





## Defining value capture and inclusionary zoning (IZ)

- Value capture is the idea that government entities should capture some of the increase in land value that results from public investment and actions (e.g., rezoning) for public benefit.
- Incentive-based zoning policies can be used to provide density bonuses in exchange for public benefits, such as affordable housing.
- IZ is a value capture tool that **requires developers to set aside a percentage** of their new housing units as affordable.

# Research question & methodology

How effective have value capture tools been in the development of new affordable housing in Toronto (1988-2018)?

Mixed methods research approach: Spatiotemporal analysis of Section 37 data; document analysis of council reports and by-laws; and qualitative interviews.

Evaluation looks at:

- Number of affordable units
- Depth of affordability
- Length of affordability
- Geographic distribution of affordable units



# Context

- 1993 – Funding for new social housing ends.
- 1996 – Administration of federal social housing programs transferred to provinces; in Ontario, responsibility for social housing was then downloaded to municipalities without concomitant funding

## Average annual social housing commitments in Canada by program period

1974-78	20,400 housing units
1979-85	18,300 housing units
1986-93	19,500 housing units
'94-2001	4,200 housing units
2002-13	8,800 housing units

Source: Greg Suttor. (2016). Still Renovating: A History of Canadian Social Housing Policy

## Ownership housing

In 1990s and early 2000s, federal government made it easier to purchase a house (e.g., by lowering interest rates, reducing required down payments, and permitting use of RRSPs for down payments).

# Context

1996-2017: 1.3 million new condo units and houses were built in Ontario – and only 20,000 affordable rentals built (i.e., 1.5% of total supply).

## City of Toronto breakdown of completions

	Homeowner	Rental	Condo	Co-op	Total
1998-2018	43,060	18,696	207,793	38	269,587
2010-2018	14,091	11,291	119,123	33	144,538

Total new affordable rental homes (2010-2018): 3,604 (2.5%)  
Total new affordable ownership homes (2010-2018): 1,195 (0.83%)



# Section 37 in practice – Toronto

## Type of benefits secured:

Streetscape improvements; park improvements; public art; community facilities; daycare facilities; affordable housing, etc.

## Official Plan Section 37 policies:

10,000 sq m threshold.

No citywide formula for calculating Section 37 due to fears of legal challenge on basis that it could be considered an illegal tax. Most agreements are negotiated on case-by-case basis.



# Large sites policy

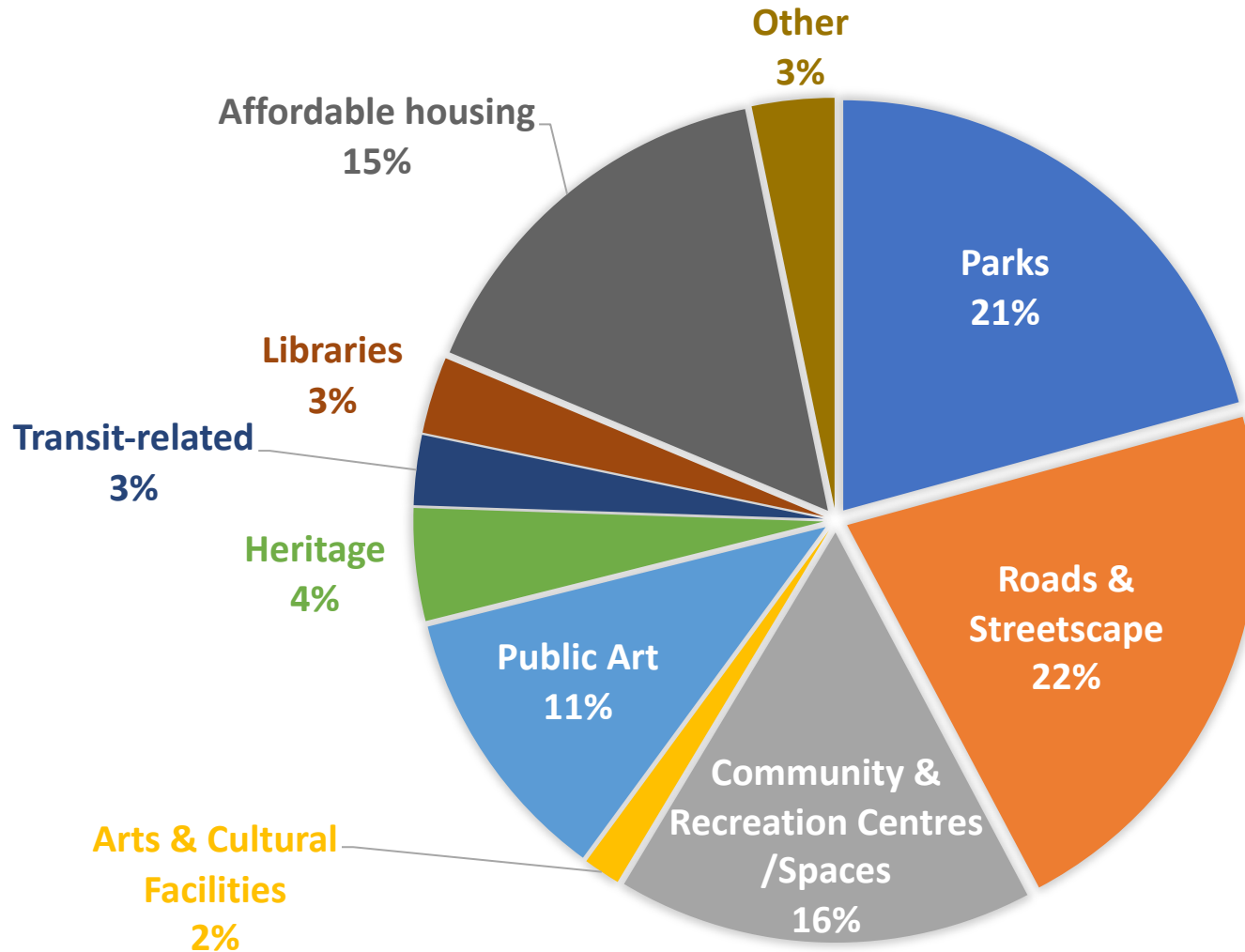
On sites greater than 5 hectares:



First Priority  
Community  
Benefit

20% of additional  
residential units as  
affordable housing

# Section 37: Type and frequency of community benefits in Toronto (1988-2018)

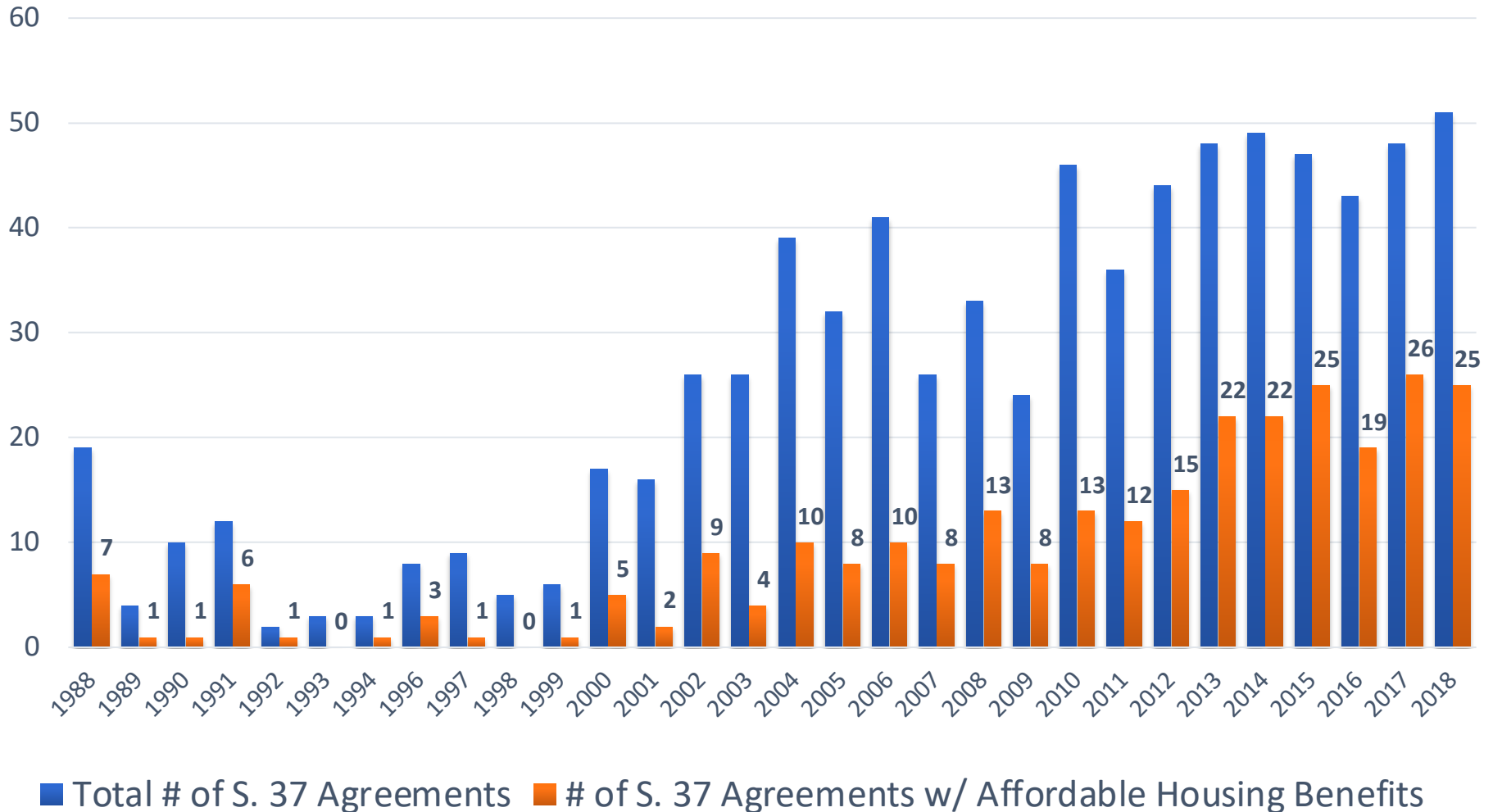


**# of S. 37 Agreements (1988-2018): 773**

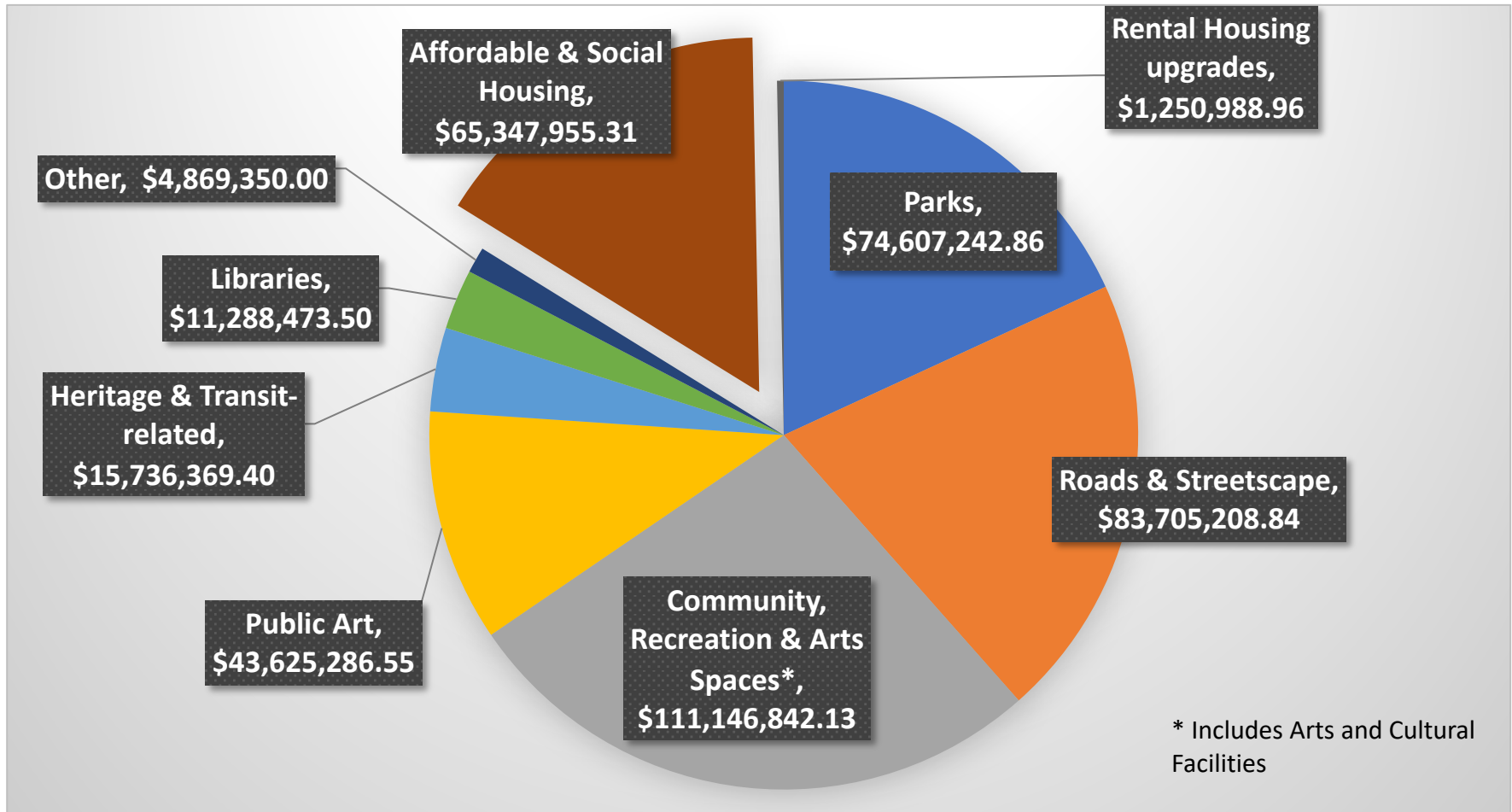
**# of S. 37 Agreements that mention Affordable Housing in some form (1988-2018): 278**

**36% of S. 37 agreements contain some form of affordable housing benefit**

## Total # of S. 37 Agreements by year compared with # of agreements containing some form of Affordable Housing benefit in Toronto



# Section 37 Benefits by Secured Money amounts<sup>1</sup> (1988-2018)



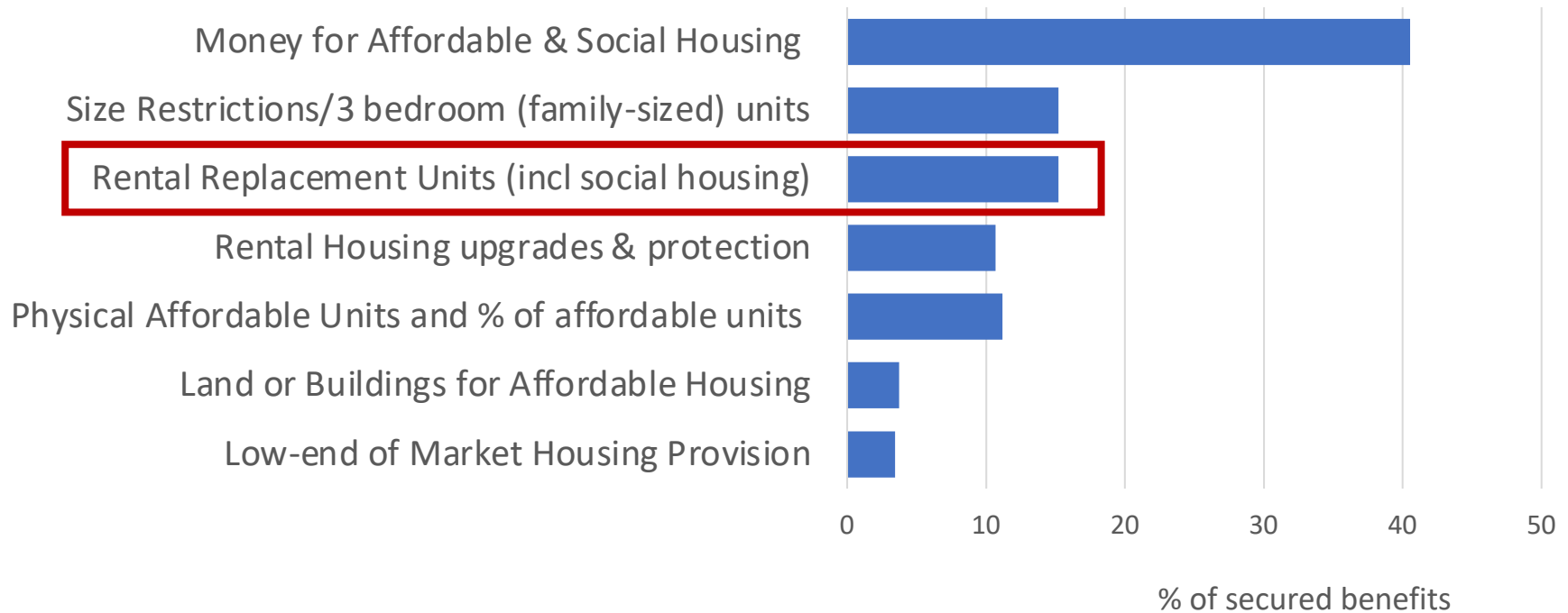
Money received for affordable and social housing (1988-2020) = \$57.6M\*\*

As of Dec. 2020: \$32.9M\*\* has been spent; \$10.5M\*\* committed but not spent

1: These are estimates. Does not include value of in-kind benefits. Multiple benefits were sometimes lumped together under one large sum of money, so these amounts were not included in the secured amounts. So, money amounts, especially for parks, roads and community & recreation spaces, are an underestimate as I didn't include the \$ value when it was split among multiple benefits.

\*\* These are estimates. Difficult in certain cases to discern how much money was actually received or spent specifically for affordable housing because multiple benefits sometimes lumped together. See forthcoming report for more details.

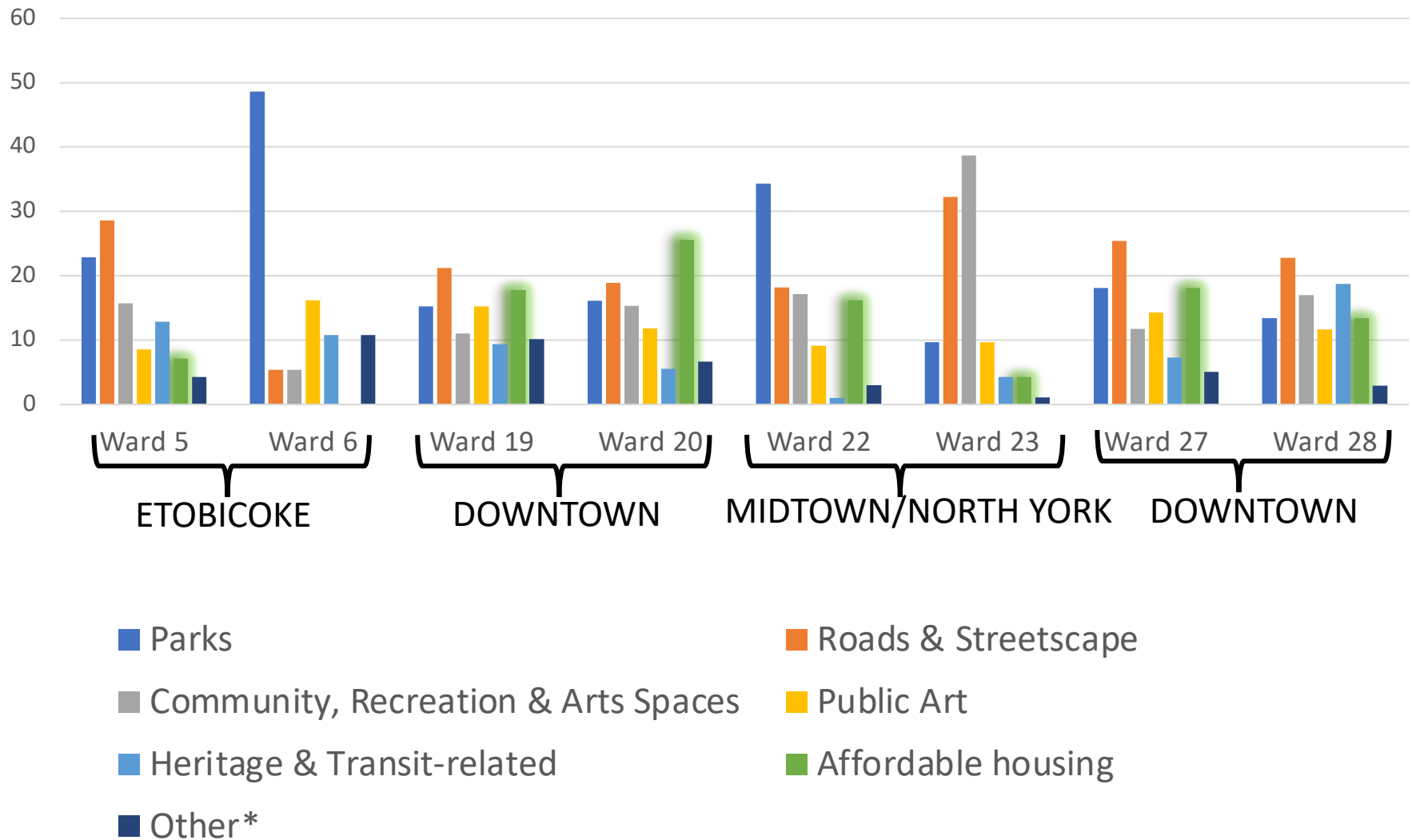
## Breakdown of Affordable Housing Benefits secured through Section 37 in Toronto (1988-2018)



Section 37 used as a tool to secure rental replacement units as a legal convenience which means that rental replacement units should not be considered a community benefit. Though, prior to 2006-07, it may have been secured as a benefit in certain cases given the 1998 repeal of the *Rental Housing Protection Act*.

Section 37 also typically used to secure tenant relocation and assistance package as part of rental replacement.

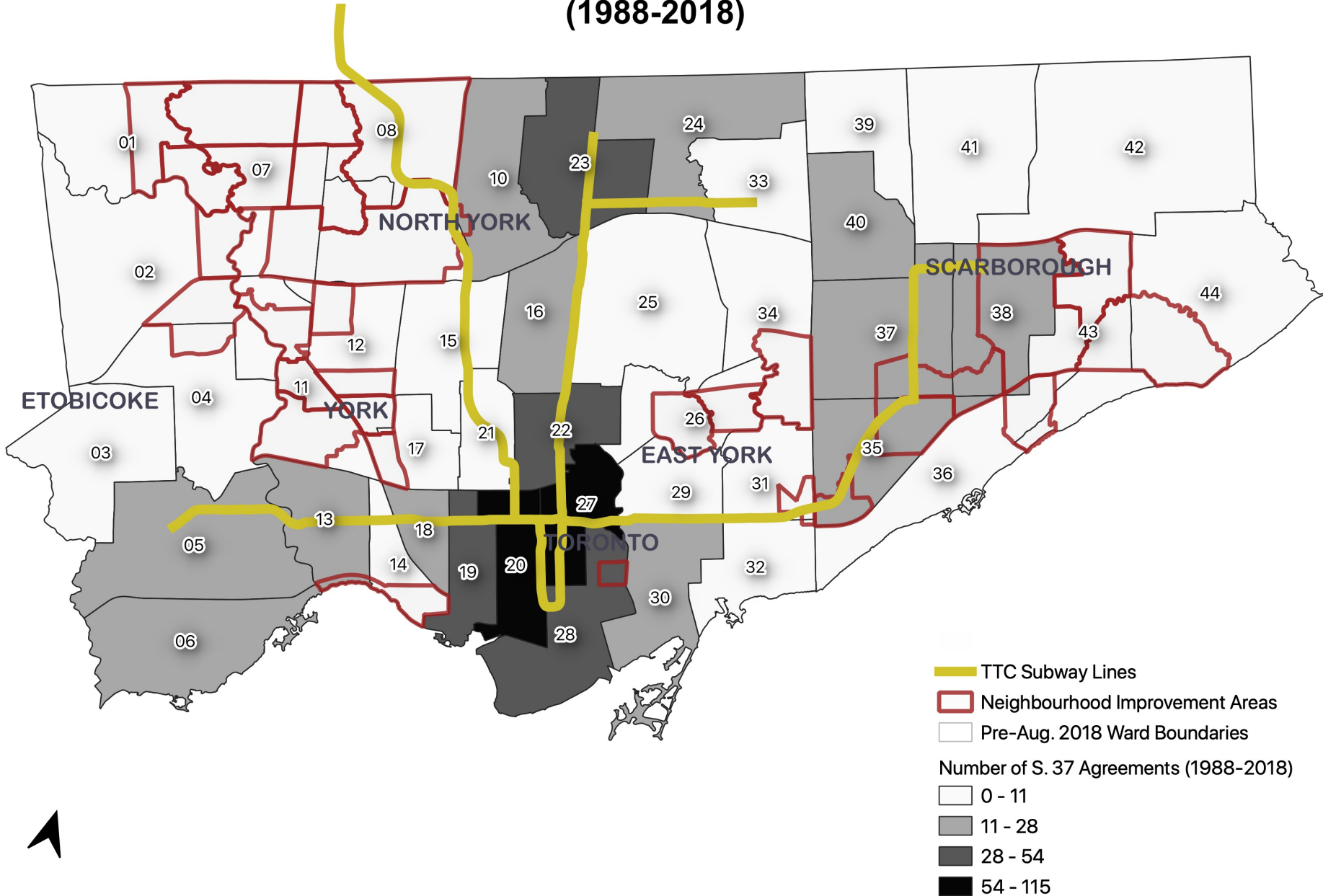
# % Breakdown of benefits by Select Wards\*\*



\*\* Select Pre- August 2018 Wards with >= 24 S. 37 agreements (1988-2018);

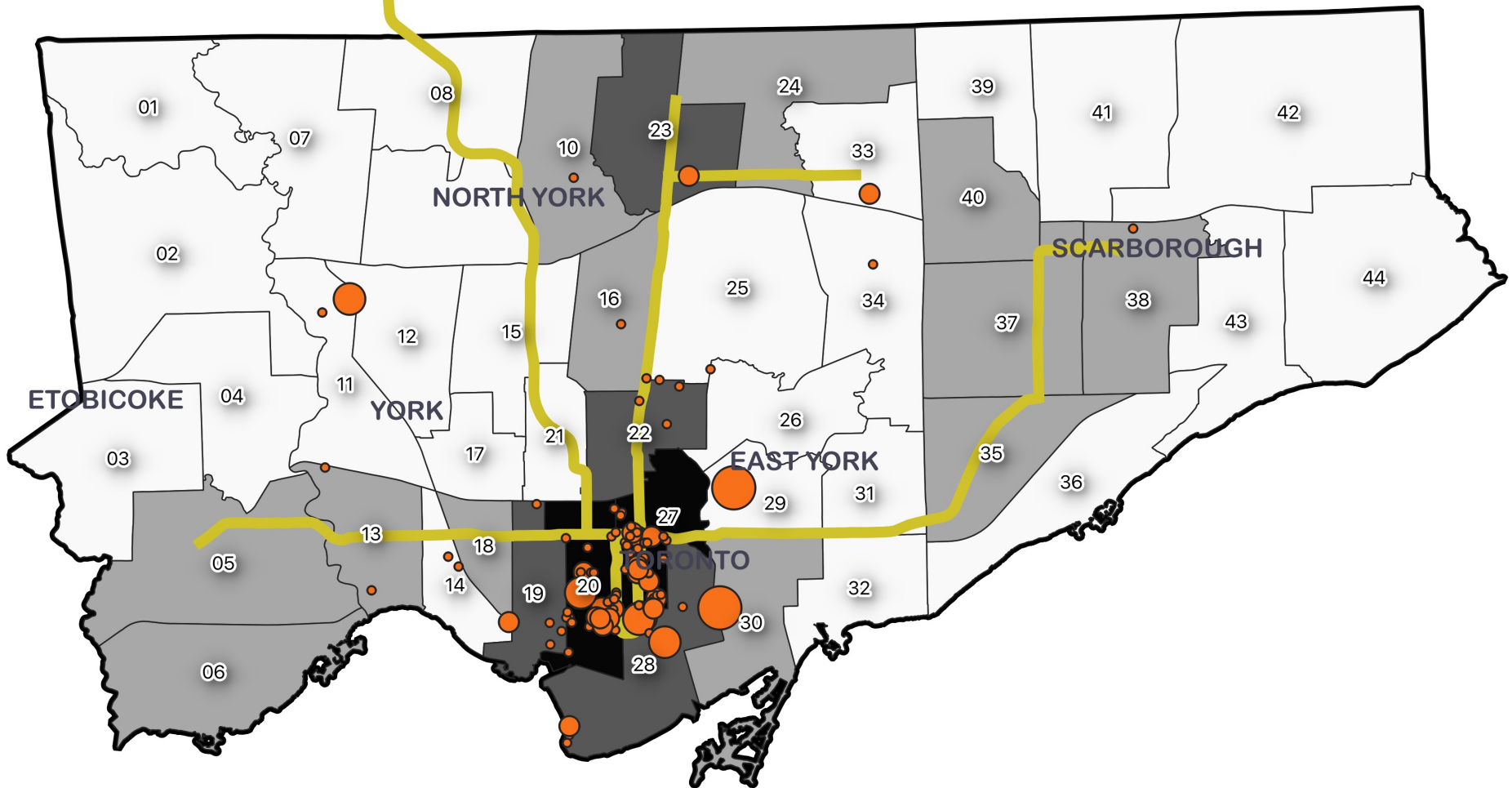
\* Other includes libraries

# Geographic Distribution of Section 37 Agreements in Toronto by Ward (1988-2018)





# Section 37: Money for Affordable & Social Housing in Toronto (1988-2018)



— TTC Subway Lines

Money for Affordable & Social Housing (1988-2018)

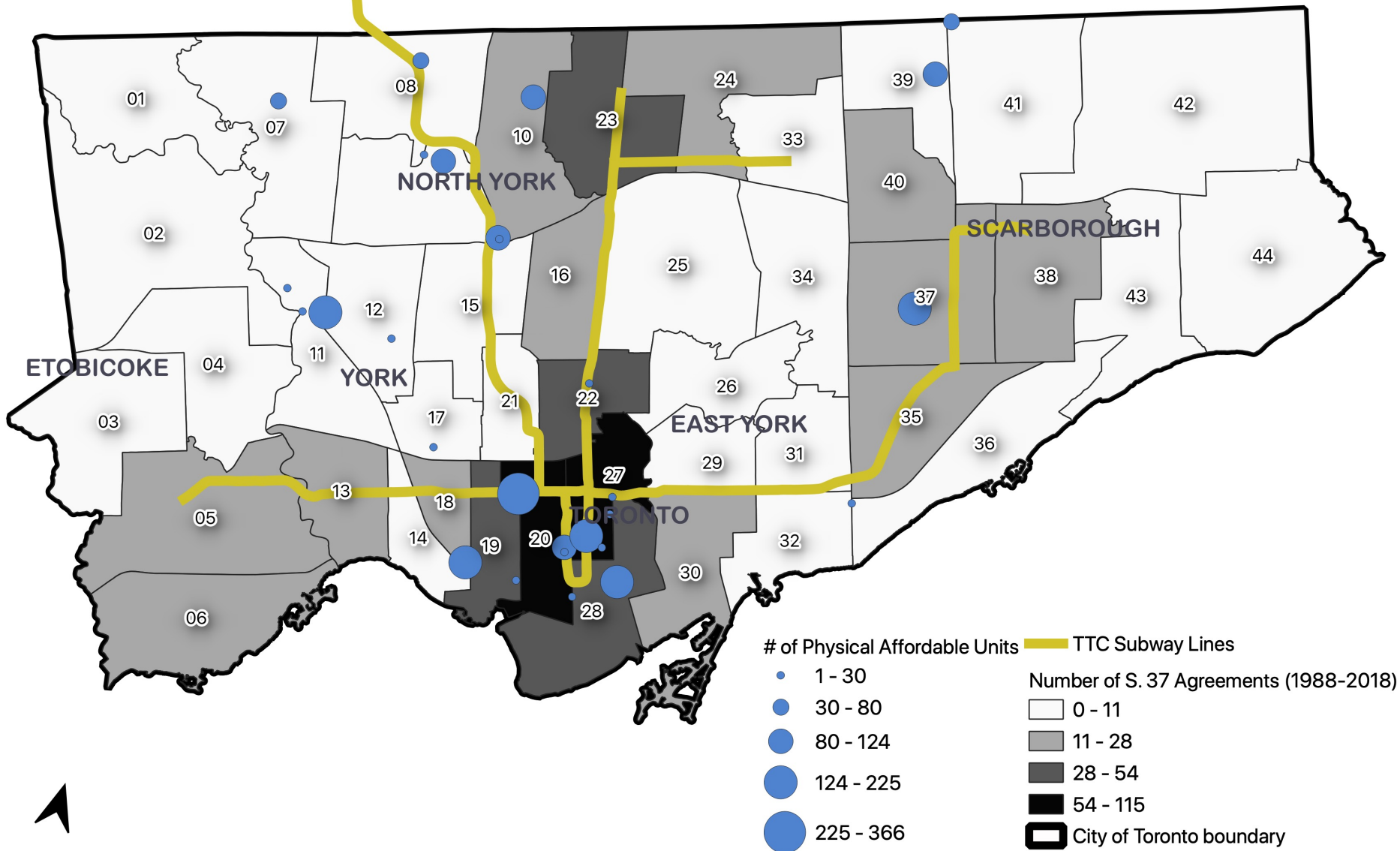
- \$0 - \$525,000
- \$525,000 - \$1,360,000
- \$1,360,000 - \$3,304,205
- \$3,304,205 - \$5,000,000

Number of S. 37 Agreements (1988-2018)

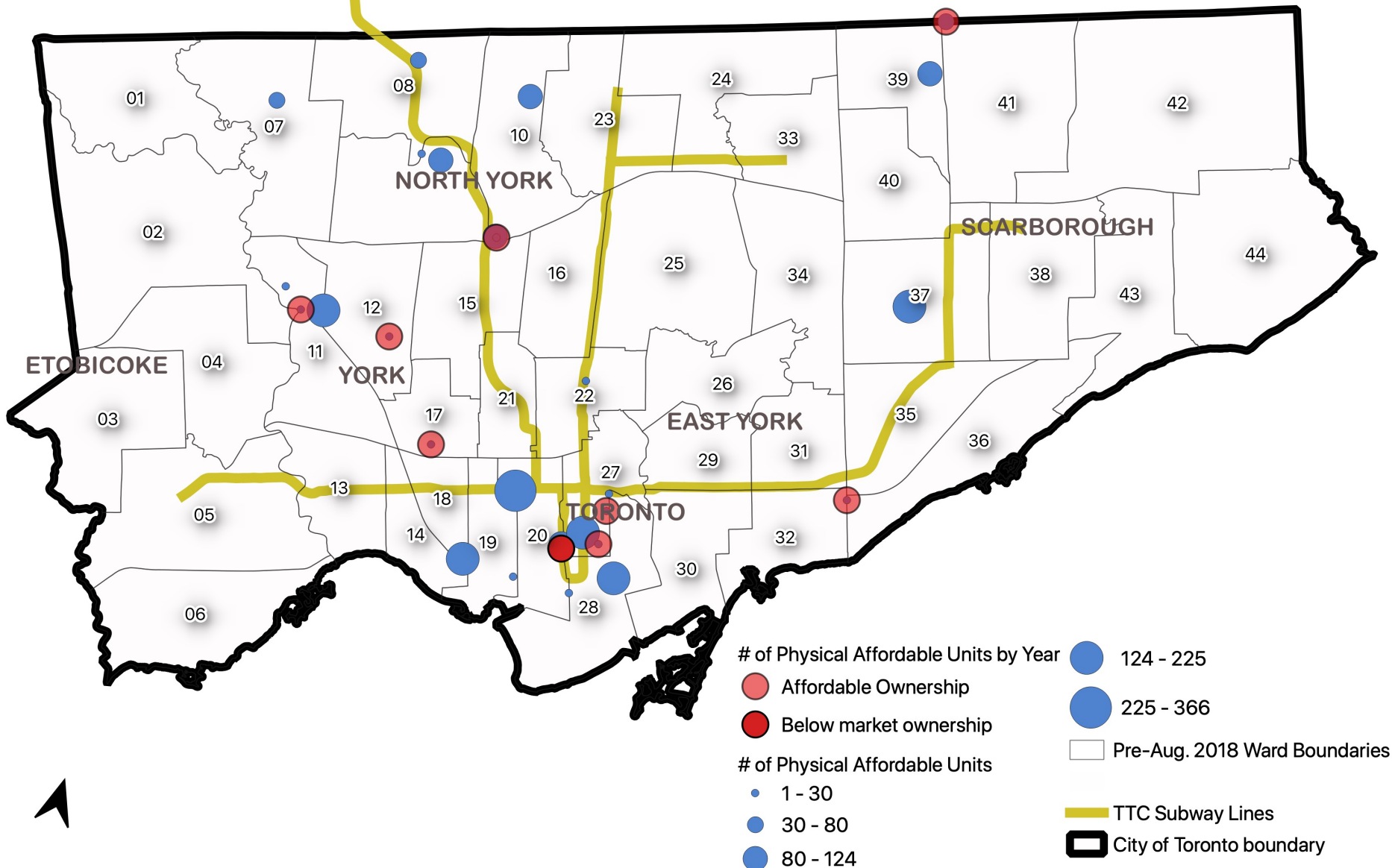
- 0 - 11
- 11 - 28
- 28 - 54
- 54 - 115
- ▭ City of Toronto boundary



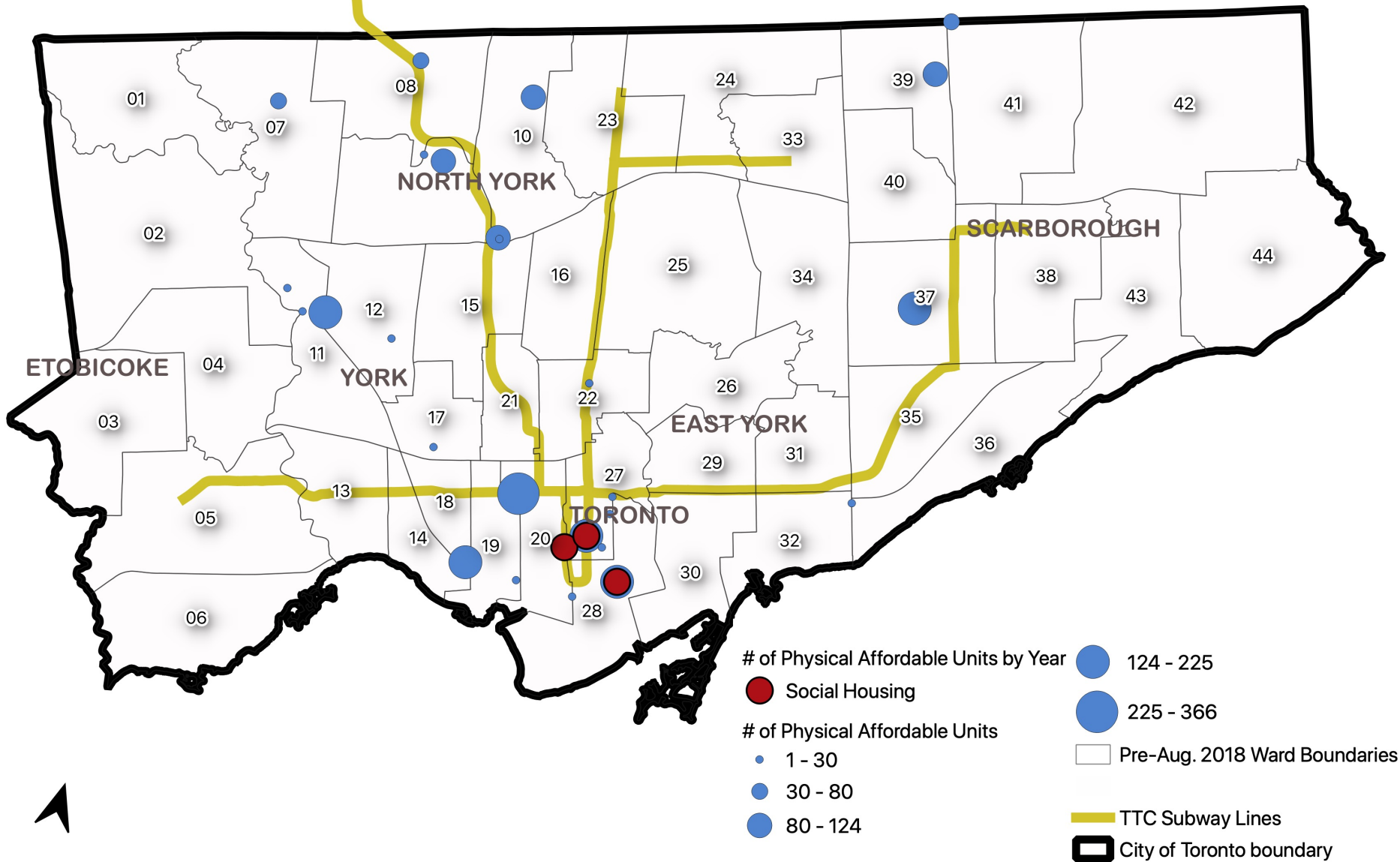
# Section 37: Geographic Distribution of Secured Affordable Housing Units in Toronto (1984-2018)



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# Breakdown of secured affordable housing units\* by year and by type

Year	Affordable Housing	Affordable Ownership	Affordable Affordable		Affordable Student Residence	Affordable		Social Housing	Total
			Affordable rental (1.0 times AMR)	Affordable rental (0.8 times AMR)		Affordable rental (below AMR)	Below market ownership		
1984								163	163
1988								109	109
1991	124							46	170
1997								225	225
2003			184						184
2004			48						48
2005		10							10
2006			156						156
2008			190	20			48		258
2010			110						110
2011							4		5
2012		14							14
2013			113	12			8		133
2015		75	18	26	60	50			229
2016		30	23						53
2017	266	83		100					449
2018		30	1						31
<b>Total</b>	<b>390</b>	<b>242</b>	<b>843</b>	<b>158</b>	<b>60</b>	<b>50</b>	<b>60</b>	<b>543</b>	<b>2346</b>

\* does not include projects with % secured for affordable housing so total # is an undercount. Also, this does not include 3 units conveyed to OCAD to house visiting academics.

# Summary table of secured affordable rental units\* by depth of affordability (1984-2018)

Current Toronto Official Plan definition of Affordable Rental Housing: Housing where gross monthly rent including utilities is at or below CMHC average market rent (AMR)

	<b>80% of AMR</b>	<b>1.0 times AMR</b>	<b>social housing</b>	<b>unspecified rent level below AMR</b>	<b>Above AMR</b>	<b>Total*</b>
<b># of units</b>	158	843	543	50	266	1860
<b>% of total</b>	8.5%	45.3%	29.2%	2.7%	14.3%	100%

\*This does not include projects with % secured for affordable housing.

# Following the \$

1110 King Street West  
**\$140,875** (not listed in S. 37  
database)

**(2014)** 383 Sorauren Ave.  
**\$115,682**

15-unit Rooming house  
acquisition and  
renovation in Parkdale  
(S. 37 funds transferred  
in 2019)

**(2016)** 51-57 Quebec Avenue  
**\$266,261**

**(2014)** 1100 King Street W.  
**\$719,799**

**(2012)** 24-66 Howard Park Ave.  
**\$ 258,383**

**(2020)** 275 Albany Ave. & 420  
Dupont St.  
**\$1,107.01**

**(2020)** 1-11 Bloor St. W, 768-784  
Yonge & 760-762 Yonge St.  
**\$2,100,643.63**

12-unit residential  
acquisition and  
renovation in  
Kensington Market  
(S. 37 funds transferred  
in 2021)

**(2016)** 126-128 Hazelton Ave. **\$68,468**

**(2015)** 231-237 College St. & 177-189 Huron St.  
**\$221,085.94**  
(originally secured for TCH capital improvements)

**(2007)** 4,6,8 St. Thomas St. & 100-110 Charles St. W.  
**\$372,145.02**

**(2018)** 826-834 Yonge St. &  
2-8 Cumberland St.  
**\$236,550.28**

# One more Vignette

**(2017)** 60 Shuter Street and 187 and 189 Church Street  
(328-unit Condo) **\$209,335.60**

**(2015)** 40 Wellesley St. East (252-unit  
Condo) **\$494,256.60**

**(2015)** 355 Church St. (334-unit Condo)  
**\$551,014.92**

**(2013)** 159 Wellesley St. East (286-unit  
Condo) **\$115,685.46**

**(2015)** 70 & 72 Carlton St. (490-unit Condo) **\$518,231.81**

**(2013)** 197, 197R & 201 Yonge Street and 15 Shuter  
St. (687-unit Condo) **\$267,804.22**

**(2017)** 387 - 403 Bloor Street East and 28 Selby Street  
(487-unit Condo) **\$238,334.39**

**(2017)** 75, 77 and 83 Mutual Street (344-unit Condo/Rental)  
**\$153,876.12**

**(2018)** 219 and 231 Dundas Street East  
(222-unit Condo) **\$520,172.91**

**(2017)** 480-494 Yonge Street and 3 Grosvenor St.  
(451-unit Condo/Rental) **\$1,036,262.19**

**(2018)** 215-229 Church St.  
& 117 Dundas St. E. (616-  
unit Condo) **\$1,792,133.38**

**(2016)** 411 Church St.  
(541-unit Condo)  
**\$102,892.40**

\$6M renovation and  
modernization of  
vacant 502-508  
Parliament Street  
properties owned by  
TCHC to provide  
supportive housing for  
44 individuals  
experiencing  
homelessness  
(S. 37 funds transferred  
in 2020)



# What was built?

1984-2018: Type of Proposed Housing Developments with Affordable Housing Benefits

Tenure Type	# of dwelling units	% of total
Condo/Ownership	74,721	71.6
Condo/Rental	20,436	19.6
Rental	8,717	8.3
Condo/Student Residence	489	0.5
<b>Total</b>	<b>104,363</b>	<b>100</b>

## Summary of Affordable Housing Benefits

1984-2018 = 2346 secured affordable units = 2.2% of units (does not include projects with % secured for affordable housing)

Over \$65 million secured for affordable & social housing

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# Issues with generating affordable housing

- Competing benefits and priorities;
- Insufficient funds extracted from individual projects to build affordable housing;
- Complexity of negotiated approach;
- Structure and agency.





# Concluding remarks

- Incentive-based zoning approach pushed to effective limits to generate new affordable housing, which illustrates the need for a formal IZ program.
- Need for a publicly accessible centralized database that tracks the affordable units that have been secured and produced.

**Thanks for listening.**  
Please send me your comments  
and/or questions.



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