

# **From Housing Now to Housing When? Exploring the State's Approach to Affordable Housing**

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## **Abstract**

This paper offers an explanatory framework for the genesis, operation, and outcome of the City of Toronto's Housing Now Initiative. To better understand the roles of the state and civil society within this policy initiative, this paper seeks to uncover theories that aid in an explanation of the development and implementation of the Housing Now Initiative and the roles of different institutions in the shared objective of creating more housing. The final outcome of this major research paper is an explanatory framework of the genesis and operation of Toronto's Housing Now Initiative.

The Housing Now Initiative is an approach to leverage City of Toronto-owned land for the development of affordable housing within mixed-income, mixed-use, and transit-oriented communities. The Housing Now Initiative aims to address the need for affordable rental housing in Toronto, as indicated by the low residential vacancy rate, the significant number of people experiencing homelessness each night, and the increasing unaffordability of housing. Toronto is also expected to grow both economically and in population, further increasing the pressure to expand rental housing supply. Using state theory, the concept of hegemony, growth machine theory, and Social Reproduction Theory, this paper will suggest that the Housing Now Initiative represents a condensation of a relationship of forces between the dominant classes (i.e. real estate developers) and the dominated classes (i.e. those seeking affordable housing) as mediated and condensed by the state, particularly the City of Toronto. Furthermore, it will be suggested that the state upholds the hegemony of the dominant classes through a growth ideology with the goal of guaranteeing the reproduction of labour power to fill the gaps left by the contradictions inherent in capitalism. Such an analysis points to the codependent relationship between real estate developers and local governments and allows for further investigations into the efficacy of state-led initiatives to increase the affordable housing supply in Toronto.

## **Land Acknowledgement**

I am a settler and wish to acknowledge that I live, work and attend school on the traditional territories of many Indigenous Nations who have lived on this land long before I and my ancestors have. The area known as Tkaronto is governed by the Dish with One Spoon, a treaty made between the Anishinaabe, Mississaugas of the Credit, and the Haudenosaunee that bound them to share the territory and protect the land. The “dish” is the land and is to be shared with “one spoon” carefully and peacefully.

Colonial acts such as the Toronto Purchase – Treaty 13, which involved the surrender of the lands from the Mississauga of the Credit to the British Crown, have long existed and continue to exist today. I want to acknowledge my own place in the long colonial history that brought me here. A land acknowledgement is not enough to dismantle the colonial roots of our settlement and I will continue to un-learn fraudulent histories and learn from expansive perspectives that broaden my understanding of the long-standing and strong history of the land to which I am so privileged to reside.

## **Acknowledgements**

The completion of the MES Program would not have been possible without the support and knowledge of many people, both within and outside the program. Thank you to my advisor, Professor Jin Haritaworn, for creating a safe and welcoming space to explore issues I entered the planning program to investigate. I am filled with gratitude for the immense knowledge, guidance, patience, and crucial perspectives imparted by Professor Haritaworn. I am grateful to my supervisor, Professor Stefan Kipfer for his political and planning knowledge and for engaging students about the responsibilities, negotiations, and contradictions within the planning field, and for suggesting expanding on the Housing Now Initiative for this major research paper. Within the MES program, all professors I have encountered have provided crucial knowledge and skills that I am so fortunate to have experienced.

I would like to thank my partner, Emily, for encouraging me to go back to school at this later age and for always lifting me up. Thank you.

## Foreword

Throughout my time in the MES Program, I have gradually been able to address the objectives as set out in my Plan of Study (POS), and together with this major research paper, fulfill the requirements set forth by the Master of Environmental Studies (MES) degree with a specialization in planning. This major paper explores affordable housing provision in Toronto, issues related to the state and the function of urban planning therein, as well as public-private partnerships in areas of collective consumption through an analysis of the Housing Now Initiative. My POS objectives relating to knowledge of specific urban development practices, the affordable housing sector in Toronto, as well as the relationship between the state and civil society, have been addressed with this major paper. Additionally, the courses I have taken concerning urban and regional planning and planning and politics with my supervisor Professor Kipfer inform the trajectory of this major paper and have given me a critical perspective of the interplay between politics, planning, and society, while also fulfilling objectives of my POS.

Other objectives included within my POS, but not of explicit focus in this major paper, are: gaining knowledge of intersectionality and perspectives outside of the dominant, euro-centric approaches; an understanding of citizen participation in the planning process; gaining knowledge of historical mobilizing forces and theories that have contributed to more expansive ways to envision a socially-just society; to gain on-the-ground practice in planning; and to understand how urban design functions within city-building practices. My internship with Brook McIlroy over the past year has provided me with immense understanding of on-the-ground planning practices and how urban design operates within the City. Through various readings and courses, specifically ENVS5121 Perspectives in Planning (Professor Sotomayor), SPTH 6411 Black Studies: Concepts and Contests (Professor Kempadoo), ENVS 6331 Planning in Toronto Workshop (Professor Moriah & Professor Hanson), and the development of my POS with Professor Haritaworn, I have had the opportunity to delve into intersectional, anti-colonial, anti-racist, and Black feminist frameworks that have had profound influence on me and will forever inform my planning praxis.

Thus, my journey through the MES program and the following major paper incorporates the knowledge and skills necessary to fulfill the degree requirements for the Master of Environmental Studies and to meet the program requirements of the Canadian Institute of Planners and the Ontario Professional Planners Institute for Candidate membership.

## Introduction: Why Housing Now?

The Housing Now Initiative is a policy approved by Toronto City Council that seeks to address the affordable housing crisis by using surplus City-owned land to build mixed-income communities, a portion of which will have affordable housing. The general mix of housing proposed across the Housing Now sites consists of one third market ownership, one third market rental, and one third affordable market rental units. The parcel of a given site that contains the market ownership and rental housing will be sold and rented and the remaining lands accommodating affordable market rental will be owned by the City and leased for a period of 99 years (City of Toronto & CreateTO, 2019). The Initiative involves many actors and relationships between the federal, provincial, and municipal governments and private and non-profit sectors. Funding and subsidies are provided (or not) to the City by the federal and provincial governments to construct affordable housing. Developers are responsible for the sale of the market ownership housing as well as the organization and construction of a Housing Now site in its entirety, including the affordable housing portion. The non-profit sector is permitted, and encouraged, to participate in the market offering process for all of the Housing Now sites.

The Housing Now Initiative also involves the distribution of land and thus implicates City planners to expedite the processing of site plan applications, Official Plan Amendments (OPA), and Zoning By-law Amendments (ZBA) in an effort to get purpose-built affordable rental housing constructed quickly. Housing Now is a component of the City of Toronto's *HousingTO 2020-2030 Action Plan* which seeks to address barriers to affordable housing access in Toronto, proposing to activate municipally owned sites for the development of affordable housing within mixed-income, mixed-use, transit-oriented communities (City of Toronto, 2017c). Housing Now is one tool, along with other tools such as Inclusionary Zoning and the Open Door Affordable Housing Program, that the City of Toronto is implementing to secure affordable housing (City of Toronto, 2021e).

City Council launched Phase One of Housing Now in January 2019 with eleven sites and was expected to deliver 10,000 new homes, of which approximately 3,700 slated to be affordable rental homes (City of Toronto, 2023a). The need for affordable rental housing within Toronto is substantial, as the current residential vacancy rate is around 1.7%, over 10,800 people are experiencing homelessness each night, and approximately 40% of the City's renter households are living in unaffordable housing (City of Toronto, 2023a, p. 2). Toronto is also expected to grow both economically and in population, with federal immigration targets of 500,000 incoming

residents by 2025, increasing the pressure to expand rental housing supply (City of Toronto, 2023a, p. 2). In 2019, when the *HousingTO 2020-2030 Action Plan* was released, more than 100,000 households had applied to live in social housing and almost half of Toronto's renter households were spending more than 30% of their before-tax income on housing costs (City of Toronto, 2019e, p. 48). The Housing Now Initiative is urgently needed, and the explanatory framework offered in this paper hopes to aid our understanding of City policies and the efficacy of the state to provide purpose-built affordable rental housing. The Initiative includes many stakeholders, representing an opportunity to thoroughly engage with, and examine how, private-public relationships function to provide the use-values of place that we need to survive. The following sections outline the research questions addressed in this paper, the methods used, and the theoretical framework used to support the analysis of the empirical data relating to the Housing Now Initiative.

## ***Research Questions***

In an effort to understand the role of the state and civil society involved in planning policy initiatives, the question I will investigate is: What theories aid in an explanation of the development and implementation of the Housing Now Initiative and the roles of different institutions in the shared objective of creating more housing. The final outcome of this major research paper is an explanatory framework of the genesis and operation of Toronto's Housing Now Initiative.

## ***Methodology***

In order to extract data pertaining to housing policy and the Housing Now Initiative in Toronto, I have employed a combination of case study and document, content and discourse analysis. I also conducted a literature review to develop a theoretical framework to analyze the empirical data gathered from these methods. The final outcome of this major research paper is an explanatory framework of the genesis and operation of Toronto's Housing Now Initiative.

According to Simons (2020), case studies document a particular situation or event in detail within a specific socio-political context (p. 677). Case studies are a methodology to understand how projects are being implemented, why they produce effects in certain geographical areas and not others, and what outcomes mean in different cultural and socio-political contexts (p. 678). The overarching strategy of this major research paper seeks to examine the complexity and ambiguities of state and planning policy through an analysis of the Housing Now Initiative.



Housing Now represents a political project that can demonstrate the negotiation of different values and interests that dominate planning practices in the contemporary climate. Document analysis entails the process of reviewing and evaluating documents, in which the data is interpreted in order to elicit meaning, gain understanding and develop empirical knowledge (Bowen, 2009, p. 27). In my process of document analysis, I am assuming that the official government reports are records and “social facts” of governmental procedures, whereby they are produced, shared and used to socially and spatially organize (p. 28). Document analysis has proved useful for analyzing the case study of Housing now as it has allowed for a wider interpretation of policy documents whereby the explicit and hidden values can be extrapolated and better understood. In conjunction with document analysis, the use of content analysis of official documents has identified “conceptual and semantic webs” within the ways governments speak about policy issues (Prior, 2020, p. 559). That is, through a careful examination of the explicit text, it was possible to extract themes and narratives that are disseminated into the public. Together, document and content analysis of a case study has provided me with a methodology that allows for a collection of empirical data based on explicit and implicit meanings within texts that are representative of a specific socio-political moment of state policy.

A literature review of previously published work pertaining to the relationship between state and civil society was vital to theoretically ground my research question. What have other scholars said, and what theories have they employed, to explain the relationships between actors around housing issues. Additionally, what have previous scholars found regarding power relationships within planning processes and spatial relations. The theories that inform this major paper emerged as the empirical data was investigated. My research question focuses on which theories can help to explain the development and implementation of the Housing Now Initiative as well as how these theories explain actor roles and relationships within the Initiative. Guiding questions that underpinned the selected theories are: What kinds of questions do the theories I have chosen ask us to consider? What empirical evidence do these theories ask us to examine? Furthermore, what can be missed using this process? The theoretical framework used for this major paper will be clarified in the following section.

A necessary first step to understand the emergence of the Housing Now Initiative was to examine the history of social housing policy in Toronto and Canada, and the related policies at the federal provincial, and municipal levels. It was also necessary to examine how other scholars have approached the commodification of housing in North America and the colonial and exclusionary

roots embedded in the practices of property ownership and spatial reconfiguration. The texts related to social and affordable housing that inform the arguments in this paper present multi-pronged approaches to these issues, where factors such as race, class, and gender were incorporated into the analyses. These approaches contribute to a complex and multifaceted understanding of planning initiatives, outside, but not independent, of class relations.

This major paper focuses on the case study of the Housing Now Initiative from the City of Toronto. Within this case study, the stakeholders involved informed which sources I used. The stakeholders involved in this Initiative consist of developers (Tridel Buildings Inc., Alterra Group of Companies), public corporations (Toronto Community Housing Corporation), housing co-operatives, mortgage brokers and multiple levels of government including the federal (Canada Mortgage and Housing Corporation), provincial (through the Planning Act, 2006; Bill 23: More Homes Built Faster, 2022) and municipal (City of Toronto) levels. Information regarding the federal government's involvement in the Initiative was obtained from the Canada Mortgage and Housing Corporation website (<https://www.cmhc-schl.gc.ca/en/>). In order to understand the provincial government's involvement in affordable housing I looked to the province's website, and more specifically, pages regarding their program "More Homes Built Faster" and associated action plans for implementation. I also referenced the Planning Act (2006) for provincial planning policy that guides how Ontario municipalities implement housing strategies. Information regarding the municipal government's role in Housing Now was obtained from the City of Toronto website, in the form of staff and progress reports, and action plans (*HousingTO 2020-2030 Action Plan*, 2019), as well as Toronto's Official Plan (2022). Additionally, CreateTO's website for Housing Now provided information on specific Housing Now development sites as well as summaries of community engagement sessions.

To supplement the primary sources of empirical data, I also gathered information from news articles and social media to gain perspectives of the broader discourse surrounding housing initiatives within Toronto. The various media articles contain perspectives from developers and activists that are fruitful to the discussion of those not directly represented in official government documents.

The methods I have chosen to extract and analyze empirical data provide a combination of flexible, adaptive, and actor-oriented ways to organize the complexities of state and planning

policies. The methods and theories of this research process will contribute to a comprehensive analysis of the “affordable” housing climate to which we find ourselves in today.

### ***The State, Hegemony, Growth, and Social Reproduction***

To begin the analysis presented in this paper, the theoretical groundwork and conceptual basis must be established for the empirical descriptions that will be presented later. When examining the Housing Now Initiative and its actors, this paper views the state as a site of a relationship of forces; the state is a condensation of a relationship between all levels of government and the dominant and dominated classes (Poulantzas, 1980). Viewing the state in this way creates opportunities to dissect the roles of the various actors involved in state-initiatives and subsequent successes and failures of state policies, which would prove to be more difficult if the state was considered all-powerful or as an instrument of the dominant classes. Using Poulantzas’ theory of the state also resulted in questions as to why, in the case study of the Housing Now Initiative and Toronto housing development more generally, real estate developers occupy a necessary and dominant position. Furthermore, if the “free” market can supposedly solve the housing crisis, why does the state exist and play a prominent role? These questions ushered the concept of hegemony (Gramsci 1992; Poulantzas, 1978) into the discussion as a way to inform why certain actors possess indispensable positions in the relationship of forces that is the state and its policies. Examining the hegemony of the dominant classes subsequently posed questions as to how hegemony was upheld, ultimately leading to an evident growth ideology (Logan & Molotch, 2007) put forth by the City of Toronto through its strategies to organize and distribute land. Using theories related to the state, hegemony, and growth necessitated one last consideration belonging to the realm of Social Reproduction Theory (Bhattacharya & Vogel, 2017). Throughout the paper, signs pointed to the Housing Now Initiative as a way guarantee the reproduction of labour power, to fill the gaps left by the contradictions within capitalism through state intervention into areas of collective consumption. The following sections provide brief overviews of the theoretical contributions used to formulate this conclusion.

### ***The State as a Condensation of a Relationship***

Poulantzas (1980) theorizes about the relationship between the state, power and social classes. He is wary of the state’s encroachment into all spheres of everyday life (Poulantzas, 1980, p. 12). In attempting to formulate a theory of the state, Poulantzas acknowledges that the state is not an instrument of the ruling classes, nor is it simply taken over by them. He is aware of the consequences of viewing the state as a unified, homogenous, impenetrable entity (Poulantzas,

1980, p. 131). He instead prefers to see the state as the “condensation of a relationship” and the “specific material condensation of a relationship of forces among classes and class fractions” (Poulantzas, 1980, p. 129).

For Poulantzas, social relations and struggles are “condensed” in and through the “institutional materiality of the state”, which manifests as certain material characteristics specific to the modern capitalist state. The specific material framework of the state consists of the division between intellectual and manual labour, individualization as a technique of power, law, and the formation of the nation. The division between intellectual and manual labour does not refer to a split between those who work with their hands and those who work with their heads: instead, Poulantzas states that the division refers to the political-ideological relations prevailing within particular relations of production (p. 55). The state “incarnates” intellectual labour as separate from manual labour, and this separation is necessary for the state’s constitution and reproduction (Poulantzas, 1980, p. 56). This framework operates due to the permanent exclusion of the working class, who are subjected to manual labour through the state (p. 56). An example of intellectual labour embodied in the state is writing (i.e., reports, archives), whereby nothing exists in the capitalist state unless it is written down (Poulantzas, 1980, p. 59).

The second piece of the state’s operational framework, individualization, refers to the state’s role in producing “social-fracturing-individualization”, which serves to mask and obscure class relations and divides and isolates the dominated classes (Poulantzas, 1980, p. 66). For example, the individual-private is a space constructed by the state and a target of power, and, for Poulantzas, only exists through the state (p. 72). That is, the individual-private sphere is not a natural condition, but created through a class relationship, or the condensation of a relationship of forces that is the state (p. 73).

The third part of the state’s institutional framework is law. By issuing rules and passing laws, the state establishes prohibitions and censorship and institutes the practical terrain to which it operates (Poulantzas, 1980, p. 77). The law regulates formal and abstract liberties of the popular masses (p. 91).

Finally, Poulantzas discusses the nation as a part of the state’s material framework. Historically, the constitution of the nation coincides with a class society, and therefore, with the state and capitalist development more generally (Poulantzas, 1980, p. 93). Nation-states possess various

sources and potentials for totalitarianism. The state, through the nation, seeks to separate and divide in order to unify; atomize in order to encompass; segmentize in order to totalize; close in order to homogenize; and individualize in order to obliterate differences and otherness (p. 107).

With regard to the *dominant* classes, the state's role is to organize their long-term political interest (Poulantzas, 1980, p. 127). The *dominated* classes are also inscribed into the materiality and structure of the state whereby popular struggles initiate state provisional programs such as social security, housing, health, and education. For the state to survive, it presents itself as the guarantor of the general well-being and public interest (Poulantzas, 1980, p. 69). Thus, for Poulantzas, the state's materialization at a given historical moment is representative of the *specific* relational forces at play, equally dependent on both the dominated and dominant classes. Although the dominated classes are inscribed in the structure of the state, the state operates to uphold the hegemony of the dominant classes as the state would not exist without this strategy, further indicating the state is the result of a class-divided society. The dominant classes would similarly not exist without the state. The reflections of Poulantzas are critical to the conversation surrounding Housing Now as the policy represents a case of state (i.e., the City of Toronto) intervention into the realm of housing provision, and it is pertinent to understand if that intervention aids or perpetuates a housing crisis it seeks to address.

### ***Hegemony***

The concept of hegemony as described in the writings of Gramsci (1992) and Poulantzas (1978b) is relevant to the Housing Now Initiative. Gramsci distinguishes between two major superstructural levels within society: the civil society level, or those sectors commonly referred to as "private"; and the political level, or the state (Gramsci, 1992, p. 12). These two levels correspond on the one hand to the function of hegemony to which the dominant classes exercise throughout society, and on the other hand, the direct domination and command exercised by the state and the juridical government (Gramsci, 1992, p. 12). Gramsci also notes economic activity is assumed to belong to the realm of civil society but maintains that civil society and the state are one and the same; "laissez-faire" tactics are, too, a form of state regulation, introduced and maintained by "legislative and coercive means" (Gramsci, 1992, p. 160). We can extrapolate from Gramsci that hegemony arises from a relation between the dominant classes and the state. Furthermore, measures taken by the state to distance itself from the economic realm is a continuation of market regulation disguised in the common distinction between the state and civil society.

Poulantzas (1978b) builds upon Gramsci's concept of hegemony and maintains that hegemony covers the political practices of the dominant classes where "one becomes aware that one's own corporate interest, in their present and future development, transcend the corporate limits of the purely economic class, and can and must become the interests of other subordinate groups too" (Poulantzas, 1978b, p. 140). Hegemony, for Poulantzas, then refers to the "union" of economic and political aims into an idea around which struggle rages on a universal plane (Poulantzas, 1978b, p. 140). The universality of hegemony subsumes subordinate classes through discourse and representation of doing good by the public interest, and it is the specific relationship between the dominant classes and the *capitalist* state that hegemony becomes so far reaching (Poulantzas, 1978b, p. 141).

Hegemony is relevant to this paper's analysis of Housing Now as it aids our understanding of how and why real estate developers occupy dominant and necessary positions, and why their growth goals become policies of the City of Toronto to which all spatial development is subject to for the betterment and health of the City.

### ***Growth Machine Theory***

Growth machine theory, as formulated by Logan and Molotch (2007) is relevant to the discussion of Housing Now. Logan and Molotch recognize the commodification of place prevalent in North America and how, "the market in land and buildings orders urban phenomena and determines what city life can be" (Logan & Molotch, 2007, p. 17). Growth machine theory offers explanations to "show how real estate markets actually work" to the detriment of those who seek use-values from place; growth machine theory demonstrates how the "free" market fails to solve issues related to the urban (Logan & Molotch, 2007, p. 17). They seek to answer similar questions as Poulantzas, such as who governs and rules, and conclude that growth is the principal factor that separates local elites from those who use the city as a place to live and work.

When utilizing the theory from Logan and Molotch, it is also of importance to understand their definitions of use- and exchange-values in relation to the urban<sup>1</sup>. For them, use-values refer to

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<sup>1</sup> The definitions of use- and exchange-values presented by Logan and Molotch (2007) must also be distinguished from how Marxists define these terms as internally related. For Marx, use-value refers to something (an object, a product, a practice) that is socially useful. Exchange-value is exemplified by the commodity whose use value is overshadowed by the value it derives from profit-oriented exchange, the

the value derived from using the city a place to live and work (Logan & Molotch, 2007, p. 50). A high use-value corresponds to a well-functioning city, where residents can readily access services that allow for survival and the smooth operation of everyday life. Examples of services with high use-value usually belong to the realm of collective consumption, such as transportation, housing, medical care, and social security. Exchange values, on the other hand, belong to the realm of capital accumulation and circulation; the exchange value of a place or use corresponds to how it can best serve growth, prosperity and investment. For example, the strategic location of housing near transit generates a high-exchange value; people are willing to pay large sums of money to live in these locations, generating more wealth for developers who own these parcels of land. Of course, housing near transit also possesses a high use-value, as it allows people to get to work and perform tasks easily.

Logan and Molotch (2007) further describe the special use- and exchange-values associated with place, making place unlike other commodities, and these qualities are capitalized upon by government and rentiers (p. 18). The growth machine consists of those who have the most to gain or lose in land-use decisions and who use growth to encourage public consent by reinforcing the link between growth goals and better lives for the majority (Logan & Molotch, 2007, p. 62). In other words, the core players of the growth machine are those who are positioned to gain the most from land organization and the surplus value it generates, namely real estate developers. And politicians, local media, infrastructure providers, universities, retailers, and organized labour align with the goals of real estate developers and put forth practices to uphold the cycle of never-ending growth. This growth machine coalition asserts that growth strengthens the local tax base, creates jobs, provides resources to address existing issues, and meets the housing needs caused by influxes in urban populations (Logan & Molotch, 2007, p. 85). Growth machine theory is of use for conceptualizing a framework from which to read the overall development plan for managing and directing growth put forth by the City of Toronto, its planning department, and the Housing Now strategy. Growth, as evidenced in the policy documents mentioned in this paper, represents consensus, a strategy meant to bind both the dominant and dominated classes towards a common goal.

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process through which a commodity is turned into money. The result of the capitalist production process (through which commodities get produced) is the creation of surplus value by labour exploitation. Surplus value is necessary for the accumulation of capital, the self-expansion of value. See Poulantzas (1978a, p. 211) and Marx's *Theories of Surplus Value*, vol. I, pp. 387-8.

### ***Social Reproduction Theory***

Finally, the concept of social reproduction and, specifically, Social Reproduction Theory (SRT) (Bhattacharya & Vogel, 2017) and Poulantzas' (1980) theorizing regarding the reproduction of labour power, is relevant to the discussion of Housing Now. Social reproduction acknowledges that capitalism requires *both* the labour-power to *produce commodities* and the labour-power to *produce people* (who then produce commodities) (Bhattacharya & Vogel, 2017, p. 2). Bhattacharya and Vogel (2017) argue that our understanding of capitalism is incomplete if we omit an examination of the ways in which the wider reproduction of the capitalist system sustains the drive for accumulation, through sites such as the household, schools, hospitals, and prisons (p. 2). Most of the contemporary writing on SRT has the goal of distinguishing *who* constitutes the working class, *who* is involved in social reproduction, and *where* social reproduction takes place, when the lines between paid and unpaid labour and the home and factory become increasingly blurred. However, what we are extracting from SRT are general characteristics and effects of social reproduction and how the Housing Now Initiative and the state perpetuates the cycle of social reproduction, and therefore, more broadly, capitalism.

While speaking of social reproduction, it is also useful to bring in Poulantzas (1980) who argues that the economic function of the state is the expanded reproduction of labour power (Poulantzas, 1980, p. 176). State activities such as restructuring industry, education, occupational training, housing, health, transport, social welfare, urban development, and collective consumption articulate the state's role in the reproduction of labour power (Poulantzas, 1980, p. 176). For Poulantzas, this demonstrates why the state is drawn more and more to intervene in the fields of collective consumption.

Castells (1975) views the sector of "collective goods", including housing, as governed by the capital cycle of supply and demand (p. 5). For Castells (1975), it is at this point that state intervention becomes necessary for the function of economic activity and/or the appeasement of social conflicts (p. 6). State intervention in the realm of collective consumption becomes necessary for the functioning of capitalism: it assures the necessary reproduction of the working force, it lessens the cost of salaries, and eases demands (p. 6). Castells crucially points out that public investment is a form of "devaluation of social capital" and by investing "at a loss" the general rate of profit of the private sector holds steady or increases (p. 6). In other words, social expenditures by the state reduce the costs on employers and are a less expensive way of



appeasing the needs of the working class. In this way, social expenditures on behalf of the state favour big capital and are necessary to the overall survival of the capitalist system (p. 6).

Like SRT, Poulantzas (1980) and Castells (1975) offer valuable insights into how the worker is reproduced as a function of the state, which is evident in documents put forth about the function of the Housing Now Initiative.

### ***Towards a Relational Theory of the State and Society***

With the help of the above theories, we can disentangle the empirical evidence of the Housing Now Initiative, and the relationships therein, so that we may gain clarity of the forces at play that operate here and more broadly across state-led initiatives at this historical moment. A relational theory of the state leaves no actor untouched and helps us to understand our own relation to the state and its policies. A relational theory acknowledges that all classes are inscribed in the state, creating openings for methods of radical change, or at the very least, an understanding of effective ways that residents obtain socially just uses from Toronto.

### ***Organization of Major Paper***

The findings of the research are organized into 8 sections. Section 1 outlines the history of Canadian housing policy that has led to the creation of the Housing Now Initiative. Section 2 presents the actors involved in the Housing Now Initiative, designating them as belonging to the dominant or dominated classes. Section 3 investigates the relationship between the actors within the Initiative. Section 4 speaks about the growth ideology and hegemony represented by the Housing Now Initiative. Section 5 outlines the function of social reproduction within the Initiative. Section 6 describes where the Housing Now Initiative is currently as of April 2023, and Section 7 investigates the role of city planning within state-led initiatives in Toronto. Finally, Section 8 offers concluding remarks as to what this analysis has unveiled and where we go from here.

# 1. Historical Genesis of Housing Now

Toronto has witnessed an affordable housing crisis, in part as a result to further privatize the provision of affordable housing. For the purposes of this section, housing is deemed affordable in Canada if it costs less than 30% of a household's income before tax (CMHC, 2018). Affordable housing has also become a very broad term and includes housing provided by the private, public and non-profit sectors and includes all forms of tenure: rental, ownership, co-operative ownership and temporary or permanent housing (CMHC, 2018a).

The federal government first intervened in housing policy in a significant way as a response to the crisis of the Great Depression. Since the entrance of the Canadian government into the housing sphere, it has favoured a corporate finance model (see Harris, 2004), which has informed contemporary municipal housing strategies in Ontario. The post-WWII era was characterized by Keynesian-egalitarianism, where the federal government acted in a welfare-state capacity and its policies supported social service provision. The corporate finance model did successfully contribute more affordable housing stock from the 1950s to the 1990s through policy changes that supported public housing construction and non-profit and cooperative housing. However, these housing types were always secondary to market rental and ownership housing, which were more heavily promoted and supported by federal government policy.

In the 1990s, the federal and Ontario governments changed policy directions and discontinued funding new public, non-profit and co-operative housing developments, whose effects inform our current housing climate. Up until the 1990s, social housing construction was highly subsidized by the federal government, and has not been matched since, resulting in backlog of purpose-built affordable rental housing units. From 2005 to 2018, Toronto residents required an allocation of 66% of their income to cover the costs of their housing expenses, reflecting a 150% increase in the average residential price (Zhang, 2020, p. 2629). Additionally, waiting lists for social housing in Toronto have almost doubled between 2006 to 2015, with an average wait time of 8.4 years in 2015 (Zhang, 2020, p. 2629). Government-provided funding and incentives for affordable housing programs today are primarily tied to the cost of construction, with little or no ongoing operating funding (City of Toronto, 2019, p. 80). Under these circumstances, it is difficult for low-income households to be adequately housed and has increased pressure on governments at all levels to secure and provide more affordable housing units. The following sections outline the history of housing policy since the late 1920s at the national, provincial, and local levels. This description

offers a glimpse into how contemporary strategies, such as the Housing Now Initiative, have emerged as one of the few ways to provide affordable housing.

### ***The Great Depression and the Federal Government: 1920s – 1930s***

The Great Depression had significant effects on the development of Canadian housing policy and the role of the federal government therein. Following the cues of other countries such as the U.S., Great Britain, and Australia, it was determined that the federal government in Canada was best positioned to mitigate and help resolve the economic crisis (Harris, 2004, p. 111). In the United States, it was believed that the Depression was prolonged due to urban development processes and how they had been financed; poorly planned subdivisions and short term “balloon” mortgages (no amortization term) led to foreclosures and failed loan companies and a worsening financial crisis (Harris, 2004, p. 111).

The real estate industry became the beacon of hope to pull the economy out of the Depression as house construction was labour intensive, creating demand for building materials, financing, furnishings, and appliances. By 1933, Canadian residential construction reached its lowest point, with contracts representing \$24 million, having fallen from \$139 million in 1928 (Harris, 2004, p. 112). It is in this context that the Government of Canada began to involve itself in housing and urban development based on a corporate finance approach modelled after the Federal Housing Administration (FHA) created in the U.S. in 1934 (Harris, 2004, p. 119).

In 1935, the Canadian government introduced the Dominion Housing Act (DHA) where approved lenders were encouraged to provide long-term, amortized mortgages with DHA-provided insurance as opposed to short term “balloon” mortgages (Harris, 2004, p. 119). The provision of insurance by the DHA was meant to entice lenders to become DHA-approved and to expand the participation of other lending institutions. To encourage a more diverse range of institutional participation, the federal government found it necessary to provide funds, and it did so through “joint loans” which stipulated that those who obtained DHA mortgages received three quarters of their financing from lending institutions and one quarter from the federal government (Harris, 2004, p. 120).

The model of mortgage financing introduced by the DHA in 1935 remained the foundation of Canadian housing policy into the postwar era, eventually subsumed into the National Housing Act (NHA) in 1938. Until 1945, the NHA was the responsibility of the Ministry of Finance, which further

precipitated a business-like approach to housing. The NHA facilitated private-sector institutional lending and private residential construction (Suttor, 2016, p. 42). In 1946, the administration of all housing programs, with the exception of the Veterans' Land Act (1942), was transferred to the newly created Crown corporation, the Central (now Canada) Mortgage and Housing Corporation (CMHC) (Harris, 2004, p. 120). In 1954 joint loans were replaced by an insurance arrangement directly modelled after the FHA. Along with revisions to the Bank Act (est. 1871), which allowed banks to enter the mortgage financing field for the first time, the Canadian government effectively connected urban development to corporate finance (Harris, 2004, p. 121).

Harris' (2004) analysis of the ways in which the Canadian state "creeped" into housing policy demonstrates how the federal government has always been involved in housing in varying ways, which over the course of the 20<sup>th</sup> century shifted and became the responsibility of other levels of government. The next section outlines the alternatives to the corporate financing model that arose at the same time, and which underpin today's definitions of public, social, and co-operative, and affordable housing types.

### ***Alternatives to Corporate Mortgage Financing: Public Housing, Co-operative Housing, and "Aided Self-help"***

From the end of the Great Depression and throughout the 1940s, there existed alternative ways that the federal government participated in the provision of housing and these methods inform the provision of social and affordable housing today, although the corporate model still prevails as it always had throughout the 20<sup>th</sup> century. The first alternative method of housing provision and federal involvement was public housing construction. The Great Depression deeply problematized the stability and rationality of the economic system including methods of land development and home building (Harris, 2004, p. 112). Residents wanted radical alternatives and a favoured alternative was public housing whereby housing was built and owned by a state agency, and rented, usually at subsidized rates, to low- and moderate-income households (Harris, 2004, p. 112). However, and in contrast to the many units constructed in this manner south of the border, the Canadian construction industry was poorly organized, the public housing lobby was weaker and Canadian policy was shaped by W.C. Clark, a conservative deputy minister, delaying public housing legislation of this sort until 1949.

The second alternative method of state involvement in housing provision was federal assistance to housing co-operatives. There were two types of housing co-ops: continuing co-ops and building co-ops. Continuing co-ops, the prevalent type, were run democratically by their membership, who arrange for construction and retain ownership (Harris, 2004, p. 113). Charges included a membership fee and a regular fee to cover heating, maintenance, and other services. Building co-ops were temporary organizations, whose sole purpose was to construct, usually through the exchange of labour, as members worked to build each other's houses. Once a project was completed, ownership of the individual units reverted to each household (Harris, 2004, p. 113). Both types of housing co-ops made housing more affordable as they removed portions of the building process from the private sector and involved cooperation between households. However, the federal government paid little attention to co-ops despite their existence, and it was not until the 1970s that the Canadian state started supporting *continuing* co-ops despite successful building co-ops, particularly in Nova Scotia from the 1930s to the 1970s (see Harris, 2004).

The third alternative of federal support in housing provision and construction was the "aided self-help" model, where the federal government would help families build their own housing (Harris, 2004, p. 116). This model was successful in Europe in the late 1920s and by the 1930s, news had travelled to Canada and calls for similar models emerged. However, despite the success of the Veterans' Land Act (1942), popular demand and endorsement in the Curtis Report (1946), there was no deliberate action of this model on behalf of the federal government. The purpose of the Veterans' Land Act (VLA) was to prepare for the resettlement of veterans after the war by providing small plots of land for farming to supplement wages (Harris, 2004, p. 117). Although the VLA was intended as a land settlement scheme, the "Build Your Own Home" program that arose out of the VLA inadvertently led to the construction of homes for 250,000 people (p. 117). The federal participation on behalf of the Act provided financing in stages, courses in house construction, material purchasing advice, and on-site instruction and assistance.

Public housing construction, housing co-ops, and aided self-help represent alternatives to the corporate finance model of housing policy in Canada by limiting the influence of private construction companies, promoting cooperation, and effectively producing more affordable housing options. Despite public enthusiasm, the expansion of social housing in the 1960s and 1970s (see below), and sporadic successes of these programs and some federal support, it is the corporate finance model, based in the private sector, that ultimately dominated and became the

preferred method of how the federal, provincial, and municipal governments, in varying ways over time, were to be involved in the provision of housing.

### ***Market Rental and Ownership***

The corporate finance model supports both market homeownership and rentals, based in private-sector housing production. Market rental and ownership housing is defined as those units that are privately owned and based on exchange value in various ways, which is to say neither non-profit nor subsidized (rent-geared-to-income). Housing policy in the early post-war era revolved around promoting a *market* housing production and financing system, to serve the growing middle class in Canada (Suttor, 2016, p. 47). The enabling policy instruments were CMHC financing of builders/developers, stimulus in recessions, and home-buyer mortgages (p. 47). Thus, from the post-Depression days onward, the federal government (and later, other levels of government) worked to stimulate the housing construction and real estate industries by propping up private sector interests, but this method still worked to house low- and moderate-income households as a *secondary* effect.

The rapid economic and urban growth in the 1940s and 1950s made Canada a more affluent country and adjusted political expectations; the political consensus rested on ideas that growth resulted from private investment and the free market, and that the role of government was to create the right conditions to expand public services and programs. Home ownership was not the only target of the federal government as a revenue generating process; market rental housing was also supported by federal policy in the 1950s and an integral part in CMHC financing of all private-sector housing production (Suttor, 2016, p. 37). By 1959, the CMHC had introduced NHA mortgage insurance for new rental apartments to facilitate private financing of the booming construction industry. Partly different from those European counterparts with a much stronger social housing sector, the private market rental sector in Canada housed many low- and moderate-income households (Suttor, 2016, p. 37).

Over the course of the 20<sup>th</sup> century, the level of involvement of the federal government has changed, and responsibility has oscillated between provincial governments and the municipalities, but all have followed the mortgage financing model. This model was able to house lower income households in the post-war era but it remains to be seen if this approach can be applied to the contemporary housing climate and have the same successes.

## ***State Managerialism and Housing: 1950s - 1980s***

During the 1940s and 1950s, Canadian housing policy at the federal level was influenced by discourse of the welfare state, however, the CMHC still operated as a public corporation with a market-making agenda (Suttor, 2016, p. 51). Within the Keynesian-egalitarian characterization, the state acted in a managerial capacity, directing funding and providing services and facilities that benefited urban populations. The welfare character of the Canadian government was informed by the belief that housing was a basic right that should not be affected and determined by the market and the private sector should be monitored and regulated by the government (Smith, 1981, p.338). Like other cities in North America, Toronto's urban and regional landscape was characterized by mass production, suburbanization, downtown urban renewal, and the federal and provincial government involvement in the provision of housing (Kipfer & Keil, 2002, p. 238).

Social housing was an "add-on" to the corporate finance model that expanded the market rental and ownership sectors (Suttor, 2016, p. 47). From 1949 to 1964, social housing was funded and delivered according to two models: public housing and charitable/municipal limited dividend (LD) (Suttor, 2016, p. 47). Both models were financed by the CMHC, where capital costs of public housing were debt-financed 75 percent by the CMHC and 25 percent by the province or municipality, and LD units were financed 90 percent by the CMHC (Suttor, 2016, p. 47). The CMHC played a central and active role through financing and project management and provinces either co-funded with the CMHC or enabled municipalities to do so. Provinces did not develop their own programs; the CMHC was the central player to which local people relied upon. During this period, public housing was a mix of "full-recovery" and "low-rental" which were directed at moderate-income earners and low-incomers respectively (Suttor, 2016, p. 49). Although these CMHC funding models existed between 1949 to 1964 and public and LD housing units were built, it only amounted to 0.5 percent of Canada's total housing stock of 5 million dwellings and only housed a small share of Canada's low-income renters (p. 49). It is important to note that the mainstream of Canadian society during this time was dominated by a booming home-owner demand and supply and a successful *market* housing system. Federal policy supported home-ownership and the market above all else.

In 1964, amendments to the NHA were passed which enabled the CMHC to fund not only municipal corporations and provincial housing corporations: the federal government would now cover 90 percent of capital costs, with operating costs split 50/50 (Suttor, 2016, p. 65).

Additionally, there were “almost unlimited amounts of capital” made available by the federal government, which moved a small part of private sector to public-sector housing production. The Ontario Housing Corporation was announced in 1964 which took advantage of the new federal funding program and streamlined development through an overall simplified process (Suttor, 2016, p. 70).

From 1965 to 1973, public housing was constructed with capital costs fully debt-financed: 90 percent by the CMHC using public funds and 10 percent by the province or its housing corporation (Suttor, 2016, p. 75). The CMHC and the autonomous provincial housing corporations were well-resourced and public housing loans and approvals became a significant part of the housing activity, however, still a second priority to the federal and provincial roles related to home-ownership mortgage insurance (Suttor, 2016, p. 76). This period also saw the rise of citizen activism that challenged large institutional structures, such as the provincial housing corporations, resulting in a shift in popular taste from public housing to non-profit housing, or community-based social housing, a more localized, neighbourhood approach. Within the non-profit housing approach, models such as housing co-ops became more prominent, when finally in 1969, the NHA amendments directed financing explicitly to co-ops (Suttor, 2016, p. 95).

In the 1970s, provincial policy aligned with federal policy in response to public concerns, leading to increased production of affordable housing in most provinces. In 1978, federal government policy changes ended public housing production and made non-profit and co-op housing the sole approach to expanding social housing (Suttor, 2016, p. 111). The municipalities also played a role; in Ontario, almost 30 percent of total non-profit and co-op housing was municipal. Municipal housing corporations emerged and were non-profit in terms of corporate law, program funding, income mix, scale of projects, and public perception (Suttor, 2016, p. 116). The housing co-operative movement became a well-organized and effective political network for social housing more generally. All of this activity made the 1970s the peak years of social housing production in Canada, with non-profit and co-operative housing (private non-profit/community-based organizations, cooperatives, and municipal housing corporations) remaining an active sector into the mid-1980s (and, in some cases, beyond).

The federal and provincial government’s involvement in capital financing and debt-financing for social and non-profit housing during the 1970s consequently contributed to an ever-growing deficit. For Harvey (1989), reasons such as deindustrialization, unemployment, fiscal austerity,



and neoconservatism appeal to market rationality and privatization led to the decline of the nation to control multi-national cash flows, where, increasingly, negotiations took place between international financial capital and *local* powers who were deemed more effective in attracting capital investment (p. 5). It is not surprising, then, that the next decades saw the cancellation of direct lending programs and the rolling back of controlled rent and other housing policies aimed at securing housing for moderate- and low-income households.

### ***1980s – Present: [Sporadic] Urban Entrepreneurialism and Neoliberalism***

The Mulroney Conservative government reigned from 1984-93 and their social housing policy aligned with global trends of neoliberal social and fiscal policy; private-sector reliance, spending restraints, and reduced public deficit and debt were top of mind around the world, responding to trends in deindustrialization, unemployment, and the declining ability of national boundaries to contain transnational money flows (Harvey, 1989). By 1988, neoliberal ideas were entrenched in federal agencies and a globally dominant ideology (Suttor, 2016, p. 120). There was concern on behalf of the newly elected Canadian government over the spending commitments for social housing and as a result, the federal state gradually retrenched by calling for a reduction in government spending in many sectors, including housing. By the 1990s, devolution had become an international trend, where it was assumed that social and economic needs could best be served at a local scale. This trend coincided with a recession in Canada from 1990-93, where there was a significant loss in industrial jobs as manufacturing moved elsewhere in the world (Suttor, 2016, p. 133). The reliance on unemployment insurance programs increased and public revenues sank, focusing federal discourse around reducing deficit and public debt.

After the recession in the early 1990s, homeownership rates increased and the market was working well for most people. Rental housing became the home of low-income earners, ethno-racial minorities and new immigrants; social housing issues now affected groups outside of the political mainstream, especially in large cities which dominated the discourse around affordable housing (Suttor, 2016, p. 137). This resulted in a shift in discourse around social housing, bogged my misconceptions and stigmas, however, as Suttor points out, all units were targeted to low-incomes and rent-geared-to-income (RGI).

The process of devolving social housing responsibility from the federal government to the provincial government began in 1993, when the federal Liberals were elected to power. The Liberals declared that the provision of social or affordable housing (public, LD, non-profit, and cooperative) was no longer a responsibility of the federal government (Hackworth & Moriah, 2009, p.15 citing Hulchanski, 2004). Co-operative housing funding was cancelled by 1992 and the 1993 budget ended funding for new social housing except on First Nation reserves. The official devolution decision came in 1996 and it took the next four years to implement through “Social Housing Agreements” (Suttor, 2016, p. 141). Social Housing Agreements transferred CMHC’s program management responsibility and long-term funding capacity to the provinces. The devolution severed the connection between the CMHC and low-income housing needs.

In 1995, the Progressive Conservatives won a majority in Ontario, making Mike Harris the premier of the province. Harris was elected on a platform of neoliberal reform and the “common sense” revolution, which touted that the market would solve the problem of affordable housing, among other provisions (Hackworth & Moriah, 2009, p. 511). To reduce government spending, the provincial Conservatives amalgamated the former Metro Toronto municipalities into the City of Toronto in 1998 (Chidley & Hawaleshka, 1997). The federal to provincial downloading of social housing responsibility led to conservative-leaning governments removing themselves completely from housing by pushing the responsibility further down to local governments, such as the newly amalgamated City of Toronto (Kipfer & Petrunia, 2009, p. 120).

The Social Housing Reform Act (SHRA) was established in 2000, creating a legal framework for devolution in Ontario. At this time, there were 200,000 community-based and municipal units, 84,000 Ontario Housing Corporation units, \$1 billion in non-federal subsidies, several hundred small housing agencies, and ongoing accountability to the CMHC, representing a very complex web of social housing in Ontario (Suttor, 2016, p. 153). The new Ontario policy was implemented in 2000 whereby ownership of provincial public housing was transferred immediately to the 47 “service managers” (municipalities and municipal boards), created specifically for this purpose (p. 154). The devolution from provincial to municipal occurred in stages: stage one involved the transfer of responsibility for the Ontario public housing units to the service managers; and stage two involved service managers assuming the funding and other obligations that the provincial and federal governments had previously had under agreements with housing providers, non-profit housing companies and community-based non-profits and co-operatives (SHSC, 2008, p. 2). The provincial Conservatives effectively succeeded in detaching government from social housing by

transferring the impossible task to the municipalities who had limited taxing authority. These moves resulted in limited new purpose-built public housing and a *publicly planned and managed private takeover* of select social housing estates (Kipfer & Petrunia, 2009, p. 120).

The actions taken by both the federal and provincial governments during the 1990s also reflect an embrace of the neoliberalist tenets of individualism and a reliance on the “free” market to solve and create those methods of social reproduction while limiting state interference in this process (Hackworth & Moriah, 2009, p. 511). Recognizing the analytical shortcomings of strictly categorizing this as a shift to “ideal-type” neoliberalism, Hackworth and Moriah (2009) nonetheless conclude it as a useful explanation for how effective the downloading of social housing to local governments was to disintegrating egalitarian state-based institutions (p. 514).

The 1990s is also reflective of entrepreneurialism in urban governance whereby local governments, now tasked with shouldering the provision of social housing, must be innovative and entrepreneurial to attract investment to provide for their populations as regular taxing avenues are unavailable to them (Harvey, 1989, p. 4). As Suttor also points out, social housing pre-devolution relied on massive capacity and subsidies on behalf of the federal government. As Municipal Affairs Minister Al Leach stated in 1997, an amalgamated Toronto will “have a strong, unified voice to sell itself internationally” (Chidley & Hawaleshka, 1997). As local governments act on their own to attract investment they also increase inter-urban competition which promotes fragmented and piecemeal urban planning and a decimation of regional alliances. As the pre-1990s managerialism corresponded to a comprehensive approach to urban planning, the 1990s city-as-entrepreneur also corresponds to a specific planning method. The design of “urban fragments” where “place-specific projects become the focus of public and political attention” became the standard operation of planning practice, diverting attention and resources away from regional problems (Harvey, 1989, p. 8). Urban planning, as a “creature” of local governments, uses its tools and powers in support of new direct investment, external sources of funding, or new employment sources (Harvey, 1989, p. 7).

The downloading of the responsibility of social housing from the federal to provincial and then to local governments represents a devolution of the ability to improve social housing in Ontario, an impact still felt today<sup>2</sup> (Hackworth & Moriah, 2009, p. 523).

### ***The 2000s: Affordable Housing as Secondary***

The consequences of the SHRA involved an intensification of the affordable housing crisis due to a lack of construction of social housing projects, complex administrative processes for housing providers and an increase in experimentation amongst non-profit housing providers (Hackworth & Moriah, 2009, p. 516).

The 2000s also saw the rise of public-private partnerships such as the Regent Park regeneration project. This project, and others like it, represents an economic, social and cultural recolonization strategy to recommodify public housing lands, and a shift in Toronto housing policy based on diversity (people, income, housing), a mix of uses, place-based social planning, and the redevelopment and creation of successful neighbourhoods (Kipfer & Petrunia, 2006, p. 120). The Regent Park regeneration project also demonstrates a development strategy that positions affordable housing as secondary and dependent on the reconstruction and redevelopment project attracting investment and higher earners (Kipfer & Petrunia, 2006, p. 120).

We can see similar discourse around social and income mixing and the prioritization of the market in the inclusionary zoning policy from the City of Toronto. The decision to adopt inclusionary zoning occurred in 2021 through Official Plan Amendment 557 and Zoning By-law 941-2021, which requires new residential developments located within Protected Major Transit Station Areas and Inclusionary Market Areas to include affordable housing units, creating mixed-income housing (City of Toronto, 2019c). Inclusionary zoning is “one solution among a range of City initiatives to help address Toronto’s housing needs” which responds to the lack of affordable units approved and constructed (City of Toronto, 2019c). Like the Regent Park regeneration project, the City of Toronto aims to create “mixed-income, inclusive communities” to unlock the code for economic vitality and livability (City of Toronto, 2019d). Inclusionary Zoning is seen as the way to increase affordable housing while also continuing to encourage market housing development

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<sup>2</sup> It should be noted that despite federal to provincial to municipal downloading, the federal government provides subsidies to the non-profit co-op sector. The 2022 federal government budget includes commitments to launch a new Co-operative Housing Development Program, with \$500 million in funding and \$1 billion in loans (Pepper, 2022). An in-depth look into the co-operative housing sector would prove to be worthwhile and important endeavour, however, is beyond the scope of this paper.

through supporting a diverse range of housing supply (City of Toronto, 2019d). Inclusionary zoning targets households that are not eligible for social housing but who are not able to afford market rents or prices, generally earning between \$32,000 and \$92,000 per year (City of Toronto, 2019d).

However, inclusionary zoning policy comes with difficulties as indicated on the City of Toronto website; “inclusionary zoning is challenged to create deeply affordable units without additional funding” (City of Toronto, 2019d). Inclusionary zoning is thus beneficial for moderate-income households and is unable to address those who face the most barriers to housing access. Additionally, the success of inclusionary zoning policies will be determined by the capacity to sell and rent the remaining units at 100% of the average market rent.

Both the Regent Park regeneration project and the City of Toronto’s inclusionary zoning policy appear to address housing affordability issues, but this affordability is dependent on the sale of other units at full market rate. Thus, it is an attraction of investment that is prioritized over the provision of affordable housing.

### ***2019: The Housing Now Initiative***

The City of Toronto’s Housing Now Initiative is similar to the approach used for the inclusionary zoning policy. Housing Now is described as an initiative to “activate” City-owned sites for the development of affordable housing within “mixed-income, mixed-use, and transit-oriented communities” (City of Toronto, 2017c). The affordable units created through Housing Now will rent for 80% of Toronto’s average market rent (as determined by the CMHC), with a minimum of 10% of the affordable units being offered at 40% of the average market rent (CreateTO, 2017c). The City of Toronto also emphasizes that the non-profit and co-operative housing sectors are encouraged to participate in the Initiative through a one-million-dollar non-profit Housing Capacity Fund (CreateTO, 2017c). Additionally, within the first phase of the Initiative, four sites are slated to be owned and operated by the non-profit or co-operative sectors (CreateTO, 2017c). From the outset, it is evident that Housing Now represents both the pre-90’s consideration of low-income household housing provision through its push of deeply affordable units and inclusion of non-profit providers, as well as a neoliberal affordable-housing-as-secondary through its push of “mixed-income communities” and reliance on developers, also evident in the City’s inclusionary zoning policy.

The government restructuring that took place in the 1990s and subsequent decline in social housing construction has underscored the importance of affordable housing in Toronto housing policy. As we shall see, the City's methods for providing affordable housing are volatile and speculative, subservient to the sale of full market-rate housing. The following chapters will explore the Housing Now initiative in more depth to offer an explanatory framework for its implementation and to analyze whether its current trajectory is sustainable and capable to guarantee the provision of affordable housing, or whether the Initiative continues to illuminate the inability of Ontario to provide social and affordable housing, a trend present since the 1990s.

## **2. The Dominant and the Dominated: Characterizing the Actors involved in Housing Now**

The actors involved in the Housing Now Initiative belong to many groups within the state, the private and non-profit sectors, and society more broadly. Outlining the public, private, and non-profit actors, and their roles within the Housing Now Initiative is a necessary step to demonstrate how a variety of forces and interdependencies are at play within the Housing Now Initiative, where no single group is unified or all-powerful. This will, in turn, inform the discussion in Section 3 of this paper which discusses the capitalist state as a function of the class struggle, whereby *both* the dominated and dominant classes are inscribed in the institutional structure of the state (Poulantzas, 1980, p. 124).

When speaking of the dominant and the dominated classes, it is first useful to briefly describe the class structures within a capitalist formation, and, again, we can turn to Poulantzas (1978a; 1978b). Poulantzas (1978b), when explaining the concepts of Marx, states that the capitalist mode of production is reflected in the distinction between two classes: the capitalists (the bourgeoisie) and the wage-earning labourers (the working class) (p. 71). A social formation consists of several modes of production, one of which holds the dominant role, and therefore represents more classes than the mode of production (p. 71). To put it another way, the mode of production refers to the ideal manner in which the production of commodities takes place, and the social formation is the concrete, historically determined social reality. On that note, the economic relations of production alone are not sufficient to analyze classes and it is the concept of social formation that illuminates other determining structures and processes. The dominant classes

belong to the bourgeoisie, who have economic ownership and possession of the means of production. Within the bourgeoisie is the power bloc, which is led by the hegemonic fraction, and it is the state that ensures the hegemonic fraction's long-term political interest (Poulantzas, 1978a, p. 160). The power bloc is made up of several fractions of the bourgeois class and is divided by internal contradictions.

The dominated classes primarily refer to the working class and, at times, the petty bourgeoisie as they can also be exploited. The working class is exploited by the bourgeoisie, perform productive labour and, too, can be divided. Productive labour produces surplus value while directly reproducing the material elements that serve the cycle of exploitation; productive labour that is involved in material production produces use values that increase material wealth (Poulantzas, 1978a, p. 216). Surplus value is neither a product (use value) nor a commodity (a use value that generates an exchange value) (Poulantzas, 1978a, p. 211). Surplus value results from exploitation. It refers to the difference between the total value created by wage labourers and the value paid by capitalists to workers so that they can reproduce themselves to play their role working for others. It is necessary for the process of capital accumulation: the self-expansion of value, or the "maintenance of the old value and the creation of surplus value" achieves this specific status through the exploitative qualities of productive labour (Poulantzas, 1978a, p. 211). The working class performs the extra productive labour that is extracted by the bourgeoisie.

The petty bourgeoisie, sometimes called middle class<sup>3</sup>, is its own class. The petty bourgeoisie's class determination can only be grasped in their relation to the bourgeoisie and the working class; they belong neither to the bourgeoisie nor to the working class. They don't produce surplus value and their unproductive labour (services with immediate use value) is significant only in relation to the other classes (Poulantzas, 1978a, p. 206). But Poulantzas highlights the important function of the petty bourgeoisie: the development and expansion of this class is conditioned by the extended reproduction of capitalism itself. That is, for capitalism to continue to reproduce itself, it requires the petty bourgeoisie and its specific place in the social division of labour (Poulantzas, 1978a, p. 209). In this regard, he pays attention not only to the traditional petty bourgeoisie, as

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<sup>3</sup> Poulantzas (1978a) criticizes "middle class theory" which views the middle class as the stabilizing factor of society (p. 197). This theory posits the middle class as the region where the class struggle is dissolved. This process of "embourgeoisement", or mixing, of the working class and the bourgeoisie at the site of the middle class is believed to eliminate class conflict and antagonisms. I agree with Poulantzas' critique of this theory, but for the purposes of illustration, offer the middle class as an example to demonstrate its political and ideological implications. The overuse of the term "middle class" today perpetuates a discourse around the shrinking of the working class and their exploitation, which is empirically false.

many Marxists had done. The traditional petty bourgeoisie includes both small-scale production and small-scale ownership, whose common ground lies in the relations of production; they are the direct producers, they are the owners of the means of labour, and there is an absence of wage labour in the process (Poulantzas, 1978a, p. 285).

Poulantzas emphasizes the rise of a new petty bourgeois class fraction. The new petty bourgeoisie includes non-productive wage earners (Poulantzas, 1978a, p. 206). Unproductive labour can take the form of services, whose products and activities are directly consumed as use-values and are not exchanged against capital but against revenue or income; the capitalist pays in revenue for the labour, not in capital (Poulantzas, 1978a, p. 213). For Poulantzas, the new petty bourgeoisie is still exploited by capital either because they sell their labour power or because of the dominant position of capital within services; however, they do not belong to the working class (p. 251). This is an important distinction to make as it demonstrates that the economic relations are not sufficient to delineate this class. Along with the economic relations of the new petty bourgeoisie, the political and ideological relations affect their structural class determination in the social division of labour, most obviously demonstrated in the distinction between mental and manual labour (supervisory roles as opposed to direct production) (p. 250). The unique position held by the petty bourgeoisie makes it difficult to designate them as belonging to the dominant or the dominated classes. Instead, it may be more pertinent to highlight the expansion of this class as a function of the reproduction of capitalism. Because the petty bourgeoisie are exploited to an extent, I will designate this class as belonging to the dominated classes, and their position here holds a specific function, as will be discussed in Section 3.

The state has a specific role in relation to the bourgeoisie, petty bourgeoisie, and the working class; the state organizes the dominant classes whilst simultaneously responding to, and disorganizing, the dominated classes, particularly when these classes mobilize politically. The state upholds the long-term political interest of the hegemonic fraction of the bourgeoisie through a strategy of compromise towards the dominated classes (p. 160). According to Poulantzas, the state strategy “in favor” of the dominated classes typically involves the domain of credit, public finance, and taxation (Poulantzas, 1978a, p. 161). This state strategy does not necessarily manifest as explicit favouritism towards the dominant classes; instead, it establishes itself through a contradictory play of forces, pointing to the state as a relation and not a coherent singular will. Concretely, we can read the Canadian government’s involvement in social housing construction prior to the 1990s as a concession to the dominated classes – the workers and the unemployed



who marched against poverty, demanded better housing, unionized workplaces and went on strike during the 1930s and 1940s. However, despite concessions to these acts, market housing still prevailed.

For the sake of relating the Housing Now Initiative to the theoretical propositions made by Poulantzas, I will refer to the federal, provincial, and local governments as “the state”, real estate developers as belonging to the “dominant class”, which is also comprised of other fractions, and those who face barriers to affordable housing as belonging to the “dominated classes”, as both belonging to the working class and the petty bourgeoisie.. Housing Now targets those who can afford to own a housing unit and do not qualify for social housing. The income brackets in question likely favour the petty bourgeoisie, with the potential addition of higher-paid workers with stable jobs and income. The discussion below delineates these class fractions involved in the Housing Now Initiative.

### ***The National State: Government of Canada***

The Government of Canada is involved in the Housing Now Initiative through the Canadian Mortgage and Housing Corporation (CMHC). The CMHC was created in 1946 as a vehicle for the construction of affordable rental and ownership housing and for the purpose of insuring mortgages to stimulate lending from large banks (Walks & Clifford, 2015, p. 1627). The Canadian State, through the CMHC, has increasingly relied on securitization, credit growth, and rising homeownership as the basis for an asset-based approach to housing policy and has moved away from funding purpose-built and subsidized rental-housing (Walks & Clifford, 2015, p. 1629). The retreat of the federal state from the provision of purpose-built affordable rental housing has resulted in private sector interests filling this gap (see Section 1). Walks and Clifford (2015) note that the trend of securitization is a key driver of the neoliberalization of Canadian housing policy, whereby the state insures and directs funding of residential mortgage-backed securities which, in turn, is used to justify the shift from federal provision of social rental housing towards a private sector landlord-investor scenario (p. 1624). The Canadian housing market is dominated by private sector investors, agents, and developers, who provide both market rate and some affordable housing. However, it is only through the deeper involvement and regulatory measures of the federal government that securitization came to dominate mortgage finance in Canada, and, as Walks and Clifford demonstrate, that neoliberalization cannot be equated to the retreat of the state (Walks & Clifford, 2015, p. 1625). The market restructuring on behalf of the Canadian state

represents the state's continued penetration into every field of socio-economic life for the purpose of the overall reproduction of labour power and capital accumulation (Poulantzas, 1980, p.179).

Despite its distance from direct social housing construction and financing, the CMHC is involved in the Housing Now initiative indirectly, through the provision of subsidies that municipalities can apply for to build affordable rental housing. The CMHC is responsible for leading and delivering the National Housing Strategy, a 10-year, \$40 billion plan announced in 2016 (CMHC, 2018a). The National Housing Strategy is a “toolkit” of complementary funding tools that are meant to address challenges across the housing spectrum and includes initiatives such as the National Housing Co-investment Fund for New Construction, the Affordable Housing Innovation Fund, rental construction financing, the Federal Lands Initiative, and other funding and financing tools (CMHC, 2018b). Through the National Housing Strategy, the federal government hopes to “bring together the public, private and non-profit sectors to re-engage in affordable housing” with the aim to “create affordable, stable and livable communities” (CMHC, 2018b). By continuing to invest in affordable housing, the [federal] government claims to be “building stronger communities, creating jobs, and growing our middle class, while fighting homelessness and helping vulnerable Canadians” (CMHC, 2021a). Municipalities and the affordable housing development partners can apply for long-term, low-interest, and sometimes non-repayable or forgivable loans and funding to supplement their projects.

By placing responsibility on municipalities and developers to apply for subsidies for the provision of affordable housing, as well as promoting partnerships between various public and private sectors, the federal government is simultaneously re-structuring the relations between the national, provincial and local levels of government, as well as transferring risk to the local (municipal) level. By withdrawing from the direct provision of affordable and social housing, the federal government has directly intervened in the “free” market, creating a new relationship between state levels and the housing sector. This is far from a neutral position and instead is representative of a union of political and economic factors at the site of housing, in the guise of a neutral and socially conscious participant. At the same time, with its emphasis on building “stronger communities” and “strengthening the middle class”, the federal government is inserting itself into more and more spheres of everyday life as the guarantor of growth and well-being and specifically conceding to the “middle class” (Poulantzas, 1980, p. 172). This concession to the middle class is of importance due to the obliteration of class differences that this term implies. As Poulantzas (1978b) notes, the discourse of the middle class works to hide the very real struggle

and exploitation between the two fundamental classes. Like the petty bourgeoisie, the middle class cannot be equated to the working class (or the bourgeoisie), because of their economic, political, and ideological relations within a social formation. Although the federal role within the provision of affordable housing and the Housing Now Initiative may seem miniscule, its distance directly restructures how affordable housing is delivered by transferring risk to the municipalities and the private sector. Promising affordable housing to the middle class reproduces a long-standing political culture of classlessness that invites segments of the working class to deny their own class position and distance themselves from all those “working class” folks, those who have not yet managed to pull themselves up by their bootstraps (for example, with homeownership).

### ***The Provincial State: Business, not Politics***

The Government of Ontario is involved in the Housing Now Initiative indirectly, through its allotment of funds from the Federal Government’s National Housing Strategy and changes to the Provincial Policy Statement (PPS). There are also tools in Ontario’s More Homes Built Faster plan to aid municipalities in the provision of affordable housing. In 2018, the Government of Canada and the Government of Ontario signed a bilateral agreement under the National Housing Strategy that outlines the terms of their partnership to get people in homes faster (Government of Ontario, 2017a). Under the National Housing Strategy, there are three initiatives that are cost-matched and delivered by Ontario which include: the Canada-Ontario Community Housing Initiative; the Ontario Priorities Housing Initiative; and the Canada-Ontario Housing Benefit (Government of Ontario, 2017a). The Housing Now Initiative concerns the Ontario Priorities Housing Initiative (OPHI) which provides flexible funding to address local housing priorities and improve access to affordable housing options (Government of Ontario, 2023b). OPHI aims at increasing the affordable housing supply, housing affordability and improving the state of repair of the affordable and social housing stock. The Ontario Government also introduced changes to the PPS requiring planning authorities to provide an “appropriate range and mix of housing options by establishing and implementing targets for affordable housing for low- and moderate-income households that align with housing and homelessness plans” (Government of Ontario, 2023a). The PPS, therefore, requires by law that municipalities account for the planning and implementation of affordable housing, and the OPHI is one tool to help subsidize that delivery. Again, as with federal government involvement, the Ontario involvement in housing does include concessions to the dominated classes and petty bourgeoisie.

More Homes Built Faster: Ontario's Housing Supply Action Plan 2022-2023 received Royal Assent on November 28<sup>th</sup>, 2022. It also includes policies aimed at increasing the supply of affordable housing in Ontario. However, the underlying goal of the action plan is to get 1.5 million homes built in Ontario over the next 10 years, not necessarily with an emphasis on purpose-built affordable rental housing. The relevant policies and strategies of this plan that may increase Ontario's affordable housing supply include reducing the bureaucratic costs and red tape that delays construction, promoting building upwards near transit stations, reforming zoning to create more "gentle density", and utilizing provincial lands to build more attainable homes (Government of Ontario, 2022).

More Homes Built Faster is necessarily a "partnership" with municipalities, the private and non-profit sectors, and the federal government, or an indirect way of mandating the construction of *market* rate housing. These policies further represent a direct intervention into how municipalities get housing built and what types of housing is supplied. Planning reforms embedded in the proposed policies include expanding what is allowed to be built without further planning approvals, effectively reducing the time spent dissecting site plan applications within city approval processes. The provincial government is also proposing to freeze, discount and reduce government [municipal] charges to spur new home construction (incentivizing developers) to help Ontario's housing supply crisis (Government of Ontario, 2022). On this latter point, it is affordable, rental non-profit, and affordable inclusionary zoning units that will be exempt from development charges, parkland dedication fees and community benefit charges, with deeper discounts for family-sized units, to further incentivize developers to incorporate affordable units into their projects (Government of Ontario, 2022). Thus, the participation of the private sector is entrenched in provincial policy.

Gentle Density refers to increasing density without impacting adjacent neighbourhoods and it is to be introduced near major transit hubs, "so that people can easily get to work, school, and back home", while also expediting housing construction on underutilized provincial lands, including lands owned or leased by conservation authorities (Government of Ontario, 2022). Tax measures, such as refining property tax assessments to better reflect reduced rents for affordable housing providers, are also being pursued by the provincial government.

Through OPHI and the More Homes Built Faster Act (2022), the Government of Ontario participates indirectly in the Housing Now Initiative through matched funding, urban planning and

taxing reforms, and reduced construction costs and application timelines for affordable housing providers. Although the provincial state participates indirectly, its participation is necessary to the construction of affordable housing, and specifically to the Housing Now Initiative. Funding, the reduction of development charges, and a sped-up approval process are necessary provisions to incentivize developers, a dominant class fraction, to take on a Housing Now project, as the affordable units produced within Housing Now are paid through the sale of condos at full market rate on the sites (City of Toronto & CreateTO, 2019). Thus, “incentivizing” involves public contributions to private profit. Although affordable housing is mentioned on provincial housing agendas, ultimately their “efforts” stimulate private sector participation in housing, with an emphasis on market rate housing. If we are to learn anything from past housing policy, it is that promoting private involvement makes housing less affordable.

### ***The Local State: Toronto as Entrepreneur***

The local state<sup>4</sup>, in this case the City of Toronto, consists of multiple actors and departments including City Council, the City Planning department, the Housing Secretariat, Corporate Real Estate Management, Corporate Services, Chief Financial Officer and Treasurer, Planning and Housing Committee, City Legal Services, and CreateTO. The Housing Now Initiative was born out of the *HousingTO 2020-2030 Action Plan* (2019), which, in turn, arose from the call for a “human-rights based approach to housing” in the National Housing Strategy Act (2019), which was Canada’s response under international human rights law. Specifically, the National Housing Strategy Act is Canada’s response to the International Covenant on Economic, Social, and Cultural Rights to which Canada ratified in 1976 (Legislative Services Branch, 2019). The National Housing Strategy Act requires Canada to maintain a National Housing Strategy and key principles of a human-based approach to housing. These key principles include: the recognition of “housing as essential to the inherent dignity and well-being of the person”; “building sustainable and inclusive communities as well as a strong national economy in which the people of Canada can prosper and thrive”; “affordable housing contributes to achieving beneficial social, economic,

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<sup>4</sup> A distinction must be made between the local state and the municipal state in order to illuminate the unique character of the local state. Magnusson (1985) highlights the importance of a “local state perspective”, which forces us to recognize that local governments are not just smaller versions of a national government, but different political entities whose character is affected by their own structural limits (i.e., contained within a national economy they cannot control). Furthermore, the local state contains a wide array of state agencies (hospitals, police, etc.) that operate in a particular locality. Municipalities are but one element within that constellation. The point here is that the local state is not reducible to the municipal state. Due to the interplay of many state agencies in a locality, local state’s will differ in their approach to housing policy. Housing Now is specific to the City of Toronto, “condensing” the social relations and struggles specific in the city. See Magnusson’s “Political Science, Political Economy, and the Local State” in *Urban History Review* (1985), vol. 14, no. 1.

health and environmental outcomes”; and, “improved housing outcomes are best achieved through cooperation between governments and civil society as well as meaningful involvement of local communities” (Legislative Services Branch, 2019). From these human rights-based principles, it is evident that affordable housing is positioned as crucial to the economic health of Canada and that intergovernmental and societal relationships are necessary for the concrete implementation and provision of affordable housing, and thus it is beneficial for governments to act, propelling proposed changes to Ontario’s PPS. It is then required by law that municipalities, those governmental bodies responsible for the provision of housing through years of devolution, act to address the barriers to housing access. Thus, Toronto’s response is the *HousingTO 2020-2030 Action Plan* which recognizes that “fair access to a full range of housing is fundamental to strengthening Toronto’s economy, its environmental efforts, and the health and well-being of its residents and communities” (City of Toronto, 2019a). Through the Action Plan, the City is setting a target of 40,000 affordable rental home approvals by the year 2030 and Housing Now is one strategy that will help achieve this goal, alongside the Open Door Affordable Housing Program, neighbourhood revitalization projects, partnerships with Indigenous communities, pathways to support women, and support to the Toronto Community Housing Corporation and its residents (City of Toronto, 2019a).

On January 30, 2019, Toronto City Council met to discuss the first round of implementation strategies for the Housing Now Initiative. This involved City Council authorizing the Deputy City Manager of Corporate Services to approve the transfer of title of eleven municipally owned land parcels, in most cases, large surface parking lots surrounding GO or TTC stations, from the City Manager to corporate entities by the Board of CreateTO (City of Toronto, 2019b). Before the transfer of title can occur, the Deputy City Manager (Corporate Services), Housing Secretariat, and the CEO of CreateTO must have agreed upon the terms in a transfer agreement between the City and the corporate entity controlled by the CreateTO Board. Thus, the City of Toronto as a political entity is settling into an agreement with a corporation for the purpose of a real estate transaction whereby municipal land will be sold for housing development. City Council, as the governing body of the local state, is *intervening* into economic processes, calling upon the private sector, and spurring the trajectory of the Housing Now process.

The City of Toronto’s involvement in Housing Now also points to the entrepreneurial character of the local state, a necessary disposition in response to devolved responsibilities from the federal government. As discussed in Section 1, after the federal government’s push of social housing

responsibility to the provinces and the subsequent push to the municipalities, urban governments had to find new avenues of revenue and investment to pay for social housing. And this was the case for the newly amalgamated City of Toronto in 1998, whereby a series of initiatives appealing to international investment took place (see Kipfer & Petrunia, 2009; Harvey, 1989). As Harvey (1989) notes, local governments needed to find external sources of funding, new direct investment, and new employment sources (p. 7). Local governments became “entrepreneurial” because they were increasingly involved in speculative practices to attract investment and absorbing risk, instead of engaging in regional, rationally planned and coordinated development (Harvey, 1989, p. 7).

This state intervention in the provision of affordable housing also represents initial instances of relational structures between the state/public and developers/private, demonstrating on the one hand that the state is not an instrument of developers, and, on the other hand, the state is not a unified, all-powerful entity. Finally, local state intervention into the provision of housing represents a creep of the state into everyday life, contrary to the “common sense” assumption that the free market will adequately solve social crises.

Let us come back to the first city council meeting regarding the implementation of Housing Now. Further to the transfer of titles, City Council also deemed the Housing Now Initiative as being of City-wide interest and directed expedited re-zoning applications from the City planning department for each of the eleven properties of Phase 1 of the Initiative (City of Toronto, 2019c). City Council also authorized the Affordable Housing Office to negotiate, and enter into, on behalf of the City, municipal housing agreements with the developers chosen for each of the eleven properties. Additionally, and determining the definition of affordable housing and target of the Initiative, City Council approved an overall development target of a minimum of one-third affordable rental units with average rents not to exceed 80 percent of the annual CMHC average market rent, one-third market rental housing, and a maximum of one-third ownership homes (City of Toronto, 2019c). Although efforts point to characterizing the Housing Now Initiative as an affordable housing policy, the unit allotments target low-, moderate-, and high-income earners alike, establishing a relationship with the dominant and dominated classes by specifically targeting the grey area the petty bourgeoisie occupies. Since this initial city council meeting in 2019, attempts have been made to change the definition of “affordable” to be dependent on one’s income; affordable rental homes should be no more than one-third of a resident’s income. The financial feasibility of this re-definition is still being debated and the 2019 definition as no more

than 80 percent of average market rent still prevails, making rent dependent on the market and increasingly leaving lower-incomers behind. Affordable housing in this case is *market* affordable housing, completely dependent on market fluctuations.

The last items at the council meeting involved calls to the federal government. City Council requested the federal government, through the CMHC, to approve a portfolio approach to the funding and financing of the Phase 1 sites, extend the Rental Construction Financing Initiative beyond 2021 to ensure approved developments through the Housing Now Initiative have access to favorable construction financing, and to dedicate surplus Federal Lands within Toronto to the Initiative. It should also be noted that some City councilors put forward a motion to amend the percentage of affordable rental homes across the eleven sites to 50 percent of the total residential units with twenty percent of these affordable units to be deeply affordable. However, the motion to amend was defeated, indicating divisions within the state personnel. Finally, and to ensure the affordable units remain affordable, City Council recommended that the Request for Proposals stage stipulate that no landlord may increase the rent charged on a unit by more than what is prescribed in section 120(1) of the Ontario Residential Tenancies Act (2016) (City of Toronto, 2019c). These items, motions, and recommendations presented at this initial City Council meeting indicate the presence of a relationship between the private sector (“corporate entities”) and the local state. Perhaps it is useful to borrow Poulantzas’ (1980) remarks that describe how the current expansion of the public sector/state functions cannot be explained simply by the stranglehold of capital (developers) over the state as if capital or the private sector had achieved full unity (p. 183). The same can be said for the state, as we will discuss in later sections; the state, in this case, the City of Toronto, cannot alone solve the housing crisis, but also relies on fractions of the private sector to fund its collective consumption initiatives. A necessarily interdependent relationship of forces is developed, a complexity that cannot be explained simply through a totalizing power and unity of one sector over another.

Further applying Poulantzas’ (1980) theory of the state to the initial City Council meeting illuminates the local government’s practice of presenting itself as neutral and representative of the public interest (p. 155). However, the state is far from neutral and not immune to its own contradictions and divisions. When Councilor Layton’s loses the motion to amend the Housing Now policy to provide more affordable and deeply affordable homes, he at one and the same time aligned himself with those classes that face barriers to housing, namely, the working class and petty bourgeoisie, and illustrated divisions within the state personnel (Poulantzas, 1980, p. 155).



Thus, it is primarily the struggles of the fractions of the dominated classes which bring clarity to the contradictions and divisions within the State.

### ***CreateTO: Bridging the Gap***

The role of CreateTO within the local entrepreneurial state bridges the gap between private and public interests. CreateTO was launched in 2018 by the City of Toronto to manage its real estate portfolio (CreateTO, 2023). The City's real estate portfolio consists of more than 8,000 properties, making it "one of the most expansive, diverse and valuable real estate portfolios in all of North America" (CreateTO, 2023). CreateTO consists of real estate experts, planners, developers, property management specialists and communication experts. CreateTO will enable the City to participate in the delivery of real estate services that promotes a "balance of community and economic benefits" for the purpose of creating a "more livable city" (CreateTO, 2023). The role of CreateTO highlights the centrality of private sector interests within the public sector sphere, embedded in the local state's operations.

Within the Housing Now Initiative, CreateTO's role is to conduct the market offering process for the relevant sites, review operating and capital funding requirements, and to incorporate the Initiative into future City operating and capital budgets (City of Toronto, 2019c). For example, in 2019, CreateTO retained CBRE Limited, a commercial real estate firm and broker, to conduct the market offering process for the first three Housing Now sites (50 Wilson Heights Boulevard, 777 Victoria Park Avenue, and 705 Warden Avenue) (City of Toronto, 2020b). CreateTO and CBRE possess special access to the developer and non-profit bids from the market offering process and conduct evaluation to determine their [financial] feasibility. Thus, we can read CreateTO's role as one that straddles the local government domain and the private real estate terrain, organizing and arbitrating a real estate transaction on behalf of the City of Toronto.

The establishment of CreateTO also represents the local government's method of "ordering urban phenomena" (Logan & Molotch, 2007, p. 17). According to the social typology of entrepreneurs developed by Logan and Molotch (2007), the City of Toronto, with CreateTO, fall into the category of "serendipitous entrepreneurs", who are only marginally entrepreneurs, having become rent collectors by inheriting property (p. 29). Serendipitous entrepreneurs derive returns from a product (land/development) not produced by anyone and not brought under control by their own efforts (Logan & Molotch, 2007, p. 29). For example, serendipitous entrepreneurs may have inherited property and thus the resulting profit from selling the property is not of their own agency.

The City of Toronto can be seen to have inherited valuable land, namely large surface parking lots abutting regional transit stations, which was found to be more valuable when sold or rented for other uses (market rate and, to a lesser extent, affordable housing through the Housing Now Initiative) (Logan & Molotch, 2007, p. 29).

As Logan and Molotch note, development projects that increase the scale of cities and alter their spatial relations inevitably affect the distribution of life chances; development always has the potential for redistributing wealth and changing the allocation of use and exchange values within and across place (Logan & Molotch, 2007, p. 34). CreateTO appears to be the logical bridge for the City of Toronto to cross into the real estate industry in an attempt to tie the delivery of affordable housing to the housing market. The implications of extracting higher exchange values from property in the name of the growth hegemony implicate the City in re-structuring spatial relations and life chances, the very matters Housing Now discourse appears to combat. Behind an appearance of doing good for the public interest, Housing Now tailors to market rate housing, just as the federal government initiatives of the past have. These matters will be discussed in more detail in Section 4.

### ***Non-Profit Sector***

Not-for-profit housing providers are encouraged to participate in the Housing Now Initiative. Along with cooperation from the federal and provincial governments, the City of Toronto requires the participation of the private and non-profit sectors to create, repair, and operate affordable rental units in order to meet its housing action plan targets (City of Toronto, 2018c). In the first City Council meeting to implement the Housing Now Initiative, a motion was made to encourage the involvement and participation of the non-profit and co-operative housing organizations in the market offering process for the first eleven sites (City of Toronto, 2019c). One Housing Now site, 140 Merton Street, was designated exclusively for non-profit housing providers – a site slated to provide a minimum of 50% affordable rental homes, and, conditional on investments from other levels of government (federal and/or provincial), could reach 100% affordable rental capacity (City of Toronto, 2020b). In 2022, the project at 140 Merton Street was awarded to the Missanabie Cree First Nation with EllisDon Community Builders as the developer partner (City of Toronto, 2022). Risks associated with the project include confirmation of acceptable CMHC financing and feasibility due to the rapidly increasing construction and material costs and rising interest rates. However, the capacity of provincial and federal financing is not as high as the pre-1990s levels, making non-profit sector participation increasingly untenable.

Although non-profit housing providers are encouraged to bid in the market offering process, it remains to be seen if they can ensure the “financial feasibility” of a Housing Now site. Despite the local government’s performative inclusion of non-profit providers, without a developer partnership for the sale and operation of full market rate units, it will prove difficult to pay for the costs of affordable and deeply affordable units.

## ***Real Estate Developers***

Real estate developers are companies that oversee all of the aspects involved in a development project. They manage the process of purchasing land and developing and selling real estate both within the commercial and residential building spheres. In order to finance development projects, developers either use their own capital, seek investors to partner with, or take out loans. A historical example of real estate development in Toronto can illustrate best the relationship between developers and the local government in this city. Sewell (1993) discusses the development of Don Mills and the pioneering practices of its founder E.P. Taylor, a successful corporate businessman turned real-estate developer. In the mid-1950s, Taylor was not only able to control land prices to his benefit through a contractor-financing arrangement, but also take 100% of the responsibility of servicing arrangements to the new suburb (Sewell, 1993, p. 94). At the time, municipal governments were wary of large-scale developments due to the large amounts of money required and the burden on taxpayers (Sewell, 1993, p. 94). Taylor agreed to assume almost all of the servicing costs, taking all the financial risks away from the municipalities and taxpayers, a feat achieved with large amounts of capital (Sewell, 1993, p. 95). Thus, the preferred partner in a municipality’s relationship became developers with large enough funds for all services hitherto required by the municipality.

As Sewell notes, “the municipality shed its active involvement in the land development process and became nothing more than a passive rubber stamp able to demand whatever it wanted from developers in return for giving them a free hand to proceed with any plan they thought they could implement” (p. 95). “Good planning” became intertwined with corporate success where development approvals became a way of financing municipal services to property. Current-day real-estate developers, too, organize consultants to implement a project, finance the deal, and assume the risk, but this model is borne out of a historical relationship that benefitted municipal governments. The role of developers formed through a set of policies that socialized the risk of private housing development. This is also an obvious example of the state in favour of a fraction

of the dominant classes, albeit to ease funding stresses. Having the ability to assume risk and assemble vast amounts of capital to fund large development projects, developers undoubtedly control and influence the built environment (Dillingham, 2023). Active developers within the City of Toronto include Tridel Builders, Omni Group, and The Daniels Corporation, to name a few.

The invaluable role of developers within the Housing Now Initiative is illustrated in the summary of the second community consultation for the Housing Now site at 50 Wilson Heights Boulevard that took place on September 16, 2019. In response to questions regarding how exactly the City of Toronto will pay for the Initiative, the City outlined the importance and necessity of developers to the process. The City explained that Housing Now is not providing any public funds to support the construction and is not providing any operating subsidy. As a result, the construction and [99-year] operating costs have to be paid for through the sale of condos on site and charging market rents on some of the units (City of Toronto & CreateTO, 2019). The City further explained that there were 100,000 units of social housing built from the 1940s to the 1990s (refer to Section 1 of this paper), with very little government provision since then, and the Housing Now Initiative is an effort to change that (City of Toronto & CreateTO, 2019). However, market housing has always been the government's priority since its intervention into housing policy, contrary to the City's argument. Furthermore, the City emphasizes that without Housing Now, it could have sold the site at 50 Wilson Heights Boulevard to the highest bidder for private condos. With Housing Now, non-profit operators *can* be involved in the market offering processes and the City will hold a 99-year lease on the affordable portion of the sites to maintain the affordability of the allocated units (City of Toronto & CreateTO, 2019). With regard to financing, the City explained that the affordable housing development relies on the City contributing the land value and providing financial incentives and waivers to the developers (City of Toronto & CreateTO, 2019), effectively providing public ways of subsidizing private profits and backstopping investor risks. Although developers are taking a risk with Housing Now sites, the local government ensures it is a healthy risk. Housing Now will also receive federal financing and funding through the National Housing Strategy.

Two observations arise from this community consultation summary: first, the affordable units included in the project depend on the sale of full market rate units; and second, there is an interdependent and supportive relationship between real-estate developers and the City of Toronto. In regard to the first observation, the City is not paying for the construction of affordable housing directly. Instead, it is leveraging the high value of public land and using expedited

planning processes to incentivize the involvement of developers, and thus using public contributions for private gain. In regard to the second observation, real estate developers do not use the City as an instrument of their will; they do, however, have a stake, as the City does, in the success of the Initiative. What results is a relationship whereby each partner is invaluable to the other, and both will “win” with a successful Housing Now Initiative; the City and developers will *appeal* to the housing crisis through the provision of affordable housing and developers will continue to accumulate, possibly increase the exchange value, due to the desirability of the City land. However, despite the appeal to the housing crisis, Housing Now will ultimately serve moderate and high incomers more so than those that are the most vulnerable, furthering a trend started at the federal level in the 1930s. The City will also retain residents within Toronto’s borders to support its growth goals as outlined in the Official Plan (2022). This runs counter to the narrative that developers have absolute control of development in the City or that government has no power over capital. Instead, it is a relationship of dependency, with a shared goal of capital accumulation, growth, investment, employment, complete communities, reputation, and increased exchange values. According to the City’s argument, the devolution of responsibilities to the municipalities in the 1990s has left the City with little recourse to other options than appeal to developers, and in turn, that relationship has evolved into a force that can derive ever-increasing profits.

Now that the relationship between local government and private capital is established, let us move onto another part of that relationship: the recipients of affordable housing and those that advocate for fair access to housing.

### ***Those who Face Barriers to Housing***

A report released on October 15<sup>th</sup>, 2021 from the City of Toronto outlines the results from the 2016 Census, stating that approximately 47% of Toronto households live in rental housing, and almost half of those households are paying more than 30% of their income on housing costs. Furthermore, 23% of the 47% of Toronto renters are paying more than 50% of their income on housing costs. Together these Census numbers demonstrate the increasingly unaffordable nature of housing in Toronto. Many people would thus benefit from access to affordable housing in the city. The Census numbers cited by the City are difficult to translate into the class terms set out above. Tenants are also in a class relationship with landlords, although one based on land rent extraction, not labour exploitation (Tranjan, 2023). But not all working-class inhabitants of Toronto are tenants, some own their housing. In places like Toronto, therefore, people’s position

in housing markets does not overlap neatly with their position in production. With the catch all term of “affordable housing”, the state is in fact appealing to a socially fuzzy constituency of people for whom Toronto housing has become unaffordable in income terms. This includes both the working class and segments of the petty bourgeoisie. In practice, only the more well-off segments of the petty bourgeois and the working class might benefit from the Initiative.

The presence of a class struggle in the Housing Now relationship is also present in other City documents. The *HousingTO 2020-2030 Action Plan* (2019) from the City addresses housing unaffordability and contains clues of the presence of class struggles as having informed the creation of the Housing Now Initiative and affordable housing on the agendas of local governments. The City held public and stakeholder consultations in which 6,000 “voices” were heard to help establish the plan (City of Toronto, 2019a, p. 3). The “comprehensive” public and stakeholder consultation took place in 2019 and sets an “aggressive housing agenda” focused on supporting people over the next 10 years. The inclusion of concerns from the public and subsequent creation of the Housing Now Initiative point to the inscription of fractions of the dominated classes within the relationship of forces that has so far in this analysis included all levels of the state and real estate developers. “Fringe” issues related to homelessness, mental health, and healthcare costs may be a strong force behind housing becoming a public agenda item, marking the working-class inscription, however it is the more well-off segments of the petty bourgeoisie who is more likely to benefit from the current affordable housing definition, which will be discussed below. The plan further highlights other results from public consultations: “All orders of government must work together to take strong and immediate action on housing. Residents need help and they need it now” (City of Toronto, 2019a, p. 3). Toronto residents are calling upon their local government to lead the fight for fair housing access by implementing a full range of actions across the housing spectrum (City of Toronto, 2019a, p. 3).

The debate around the definition of affordable housing at the federal and local levels of government indicates the inscription of fractions of the dominated classes in state initiatives. The City of Toronto is in the process of assessing the feasibility of changing its Official Plan definition of affordable housing to better align with the definition adopted by the CMHC. The CMHC defines housing as affordable when it costs less than 30% of a household’s before-tax income (City of Toronto, 2021a). During the consultations for the creation of the *HousingTO 2020-2030 Action Plan*, participants felt that the current definitions of affordable housing, which are based on the CMHC’s average market rents and prices, have left many low-income residents unable to afford

housing; market rents are rising at a faster rate than residents' incomes, leaving many residents unable to afford housing and unable to qualify for social housing (City of Toronto, 2021a). It is important to highlight that although the definition of affordable is being debated, the emphasis on those "unable to afford housing and unable to qualify for social housing", coupled with the maintenance of "affordable" as determined by market rates, further hints at the most likely intended target of the Housing Now Initiative, namely the petty bourgeoisie and well-off members of the working class. If we turn back to Poulantzas (1978a), the petty bourgeoisie is necessary for the reproduction of capitalism itself. The significance of this rests on what is happening to the bourgeoisie and to the working class. In this case, real-estate developers (members of the bourgeoisie) will profit from public contributions (accelerated planning approvals, public land value, financial incentives), while those with the lowest or no incomes are left with very little "deeply affordable units", which are still priced at 40% of the average market rent. It is the moderate-income earners, who will most benefit from Housing Now, and this begs questions as to the significance of this class fraction and the power of "public interest" discourse in veiling issues of the City's most vulnerable residents.

Although the City is contemplating the affordable housing definition as advocated by Toronto residents, the hesitation to do so indicates the detrimental implications for the Housing Now Initiative. The affordable units created through Housing Now will rent for 80% of Toronto's average market rent, with a minimum of 10% of units to be rented out at 40% of average market rent. Based on calculations made on behalf of the City, the affordable units secured through the Initiative will be affordable to households that earn between \$21,000 and \$68,000 per year and deeper levels of affordability will be achieved through the layering of housing benefits obtained at the provincial and federal levels. The Housing Now Initiative will likely still be able to provide 80% average market rent across a project by targeting more two- and three-bedroom units at 100% of the average market rent, however, this will lower the amount of deeply affordable units (City of Toronto, 2021a). Thus, the financial feasibility of changing the definition of affordable housing will still need to be assessed in order to determine whether or not developers will still be incentivized to build affordable housing. Additionally, the feasibility must be weighed against the health and expansion of the middle class. Changing the definition will better reflect the material needs of Toronto's residents (use value), however, market constraints, including the market-based definition of affordability, may make the approval of such a decision unfeasible.

The above descriptions illustrate the inscription of both the working class (albeit indirectly) and the petty bourgeoisie within the relationship of forces that is Housing Now, and with the help of Poulantzas (1980) we can dissect the implications. First, by adopting material measures, in the form of the Housing Now Initiative, the local state is appealing in a positive and significant way to fractions of the dominated classes, however, it is those with moderate incomes that will benefit. Thus, Housing Now does not address the structural and systemic forces that lead to people being unhoused. Second, housing, along with transportation, health, employment insurance, and leisure, all belong to the realm of “collective consumption”, and the state’s involvement in structuring these spheres signals an omni-presence of the state within the everyday life of citizens (Poulantzas, 1980, p. 37). In the case of Housing Now, the issue of housing affordability reached the public agenda as a way to safeguard economic stability. What other class is better to appeal to than that class that appears to dissolve any sort of class struggle, namely the petty bourgeoisie. In the past, it was the *working-class* struggle that brought into play direct government funding of affordable housing (i.e., public housing construction, housing co-operatives, aided self-help). Now, as evidenced through Housing Now, it is the stability and expansion of the petty bourgeoisie that drives affordable housing policy (at least discursively). Thus, the state is actively and materially delineating the political map of housing struggles. It determines who the targets of affordable housing construction is for while simultaneously sustaining a dominant class of developers and supporting a class necessary to the reproduction of capitalism. Appealing to the dominated classes solidifies the Initiative within public consciousness, however, this appeal is clouded in a discourse centred on the *middle class*.

The presence of the dominated classes within the Housing Now Initiative is clear due to the very creation of the Initiative and the ongoing conversations with respect to use values of place that better reflect the financial situations of many residents. While the working class may be present in the relationship of forces that is Housing Now *indirectly* through its historical fight for public housing, it remains to be seen if socially-just benefits will be created for them with current definitions of affordable housing, the possibility of which will be discussed in Section 3.

### ***The Dominant and Dominated Classes***

In order to focus on the interplay between the aforementioned actors within the Housing Now Initiative, it is beneficial to characterize each actor described above as belonging to either the dominant or dominated classes. The federal, provincial, and municipal government bodies will be referred to as “the state” and is unique only in the sense of its autonomous administrative



structure. The makeup of the state is varied and is linked both to dominant and dominated fractions but gets its characterization from the legal boundaries of the policy it puts forth. The dominant class consists of real-estate developers or those that have the ability to organize the built environment. For purposes of housing, the dominated classes include those that cannot access housing *and* those who pay large portions of their income for housing.

### **3. Housing Now as a Condensation of a Relationship**

To borrow Poulantzas' (1980) words, the theoretical task of this paper is to grasp how the class struggle, political struggle, and domination are inscribed in the institutional structure of the state (p. 125). This paper offers an explanatory framework of the Housing Now Initiative which, in turn, can aid the evaluation of the efficacy of the City's housing initiatives. Poulantzas (1980) importantly notes that the state has existed in many different forms, dependent on the social/political/ideological context to which it arises. The state goes through historical transformations and the state's expression in Canada has undergone transformation as demonstrated with the fluctuating levels of intervention in the provision of social and affordable housing. Poulantzas recognizes the differential expression of the state throughout history as a function of the class struggle (p. 124). In other words, the different modes in which the state has operated, for example a managerial state or an entrepreneurial state (Harvey, 1989), embodies that particular form because of the specific class relations at play at that historical moment. The state is not a static entity, but a relationship of forces, or a material condensation of a relationship among classes, and this is what gives the state its specific form in time and space (Poulantzas, 1980, p. 128). Poulantzas refers to this "condensation" as being built in and on the "institutional materiality of the state": the division between intellectual and manual labour, individualization as a technique of power, law, and the formation of the nation.

The institutional materiality of the state as depicted by Poulantzas helps us to answer questions such as: Why has the state's role transformed over the years? Why does the state exist if the "free" market can solve issues related to housing and collective consumption? If the state is an instrument of real estate developers, why is the relationship between the two actors so interdependent, as exemplified by Housing Now? And, simply, why does the state exist? These questions point to an alternative conception of the state; the state, in its specific material form, is a microcosm of class relations, class relations that possess agency and transform over time. If

the state is viewed as a condensation of class relations, and class relations/divisions are specific to a capitalist society, then the state is inextricable from the social division of labour produced by capitalism. The state's existence is guaranteed by the reproduction of capitalist relations, and thus the state must play a role in upholding the hegemony of the dominant classes. If we remind ourselves of the historical analyses provided by Harris (2004), Suttor (2016), and Sewell (1993), we can see that real estate developers would not exist or have their power if it weren't for the state. Canadian government interventions spurred market ownership and private rental markets that benefitted sections of the capitalist class. As Sewel (1993) notes, the municipal government allowed developer freedom and growth as this lifted the responsibility of paying for infrastructure and servicing from the municipality and taxpayers. This relationship between the state at all levels and private capital is inherent to the functioning of housing policy in Toronto and in capitalism more generally. In order to understand the role of the state within the Housing Now Initiative, we must dissect its relationship to both the dominant and the dominated classes.

### ***The State's Relationship to the Dominant Classes; The City of Toronto and Real Estate***

According to Poulantzas (1980), the state's role includes organizing class relations; the state represents and organizes the dominant classes and its long-term political interests (p.127). Within the Housing Now Initiative, it has been established that the dominant class is comprised of real estate developers, and they are organized by the state via city planning, city council, CreateTO, and various other departments. The dominant class, like the state, has no intrinsic unity. One of its fractions is in the business of competing and bidding for land, and it is the principal role of the state to organize how that land is to be developed via tools such as the City of Toronto's Official Plan (2022), site plan applications, and housing policies which require state approval for development to occur. City planning can thus be seen as occupying that contradictory place between regulating development and perpetuating the hegemony of growth. And it is this perpetuation of growth whereby the state and the dominant classes align towards fulfilling a common goal.

The Housing Now Initiative highlights multiple methods the state employs to organize developers, indicating their interdependent relationship. The City established a timeline each Housing Now site must pass through to arrive at occupancy. The first stage is Business Case, involving project design, feasibility analysis, rezoning, and stakeholder consultations (City of Toronto, 2017a).

After the Business Case stage is the Market Offering phase where the broker is selected, marketing is conducted, and bids are evaluated and awarded. The third and final stage is the Housing Delivery Stage where the planning approval process is finalized, the sale and lease of units is finalized, and the developer obtains financing and awards construction contracts (City of Toronto, 2017a). It is the Market Offering stage whereby the relationship between the state and the developers is most evident. For example, in 2021, the City and CreateTO announced that Greenwin Corporation and Tridel were selected as development partners for the Housing Now site at 50 Wilson Height Boulevard, after a competitive market offering process (Greenwin, 2021). Although all three stages of development for a Housing Now site involves close coordination between the City of Toronto and developers, it is when the City, through CreateTO, evaluates the bids and awards the development contracts where the state-as-organizer is most evident. Another crucial instance of state organization within the Initiative comes from the *HousingTO 2020-2030 Action Plan* (2019) whereby the City acknowledges that all orders of government are likewise responsible for the delivery of affordable housing, and further claims that “government policies and programs need to shift to provide further support to private and non-profit organizations to operate both market and affordable rental homes” (p. 81). This last statement not only illustrates the state’s role as organizer but also establishes a crucial relationship with housing developers. The local state indicates its will to aid the private and non-profit sectors, a role previously taken up by the federal and provincial governments in the 20<sup>th</sup> century.

By establishing rent caps for the affordable housing portion of a Housing Now project, the City further manages and directs developers. An item from the first Housing Now City Council meeting in 2019 states that a “minimum of one-third affordable rental units with average rents must not exceed 80% of the annual CMHC average market rent” (City of Toronto, 2019c). Additionally, the 2020 Annual Progress Report from the City of Toronto contains considerations for rent increases on market rental units, posing three options for determining rent prices for the Housing Now projects. Option 1 maintains the existing context (rent de-control) where there is no limit on the annual rent increases in new market rental units (City of Toronto, 2020a). Option 1 would benefit developers as it would generate the greatest level of interest to build new rental housing (not *affordable* rental) due to the highest potential return on investment as well as provides the maximum ability for landlords to manage repairs and operating expenses (City of Toronto, 2020a). The implications of Option 1 for the City include the greatest potential to attract third-party capital towards scaling up the supply of purpose-built rental housing (not affordable housing). Additionally, the City would not have to provide administrative oversight as rent increases would

be dealt with by the province in accordance with the Residential Tenancies Act, 2006. Option 1 would be to the detriment to renters, whereby there would be no limit on annual rent increases resulting in diminishing housing security (City of Toronto, 2020a). City Council did not recommend Option 1 and instead recommended the more “balanced” Option 2 which stipulates that the City will restrict rent increases to the Provincial Guideline plus 2% as the maximum limit (City of Toronto, 2020a). Option 2 would require that the City negotiate restrictions on annual rent increases with developers based on the site-specific economics and feasibility. This option is predicted to maintain developer interest as well as reasonably maintain the City’s potential to attract third-party capital to scale up the supply of purpose-built rental housing. The City will have flexibility to adjust the program based on site-specific conditions and would require oversight of annual rent increases. Lastly, this balanced option would give renters some stability as rent increases would be *somewhat* predictable. The affordable rental units included in Housing Now developments along with the recommended option whereby the City restricts rental increases to the Provincial Guideline plus 2% points to the City’s role as administrative overseer of the housing process who have the ability to exert influence on the gains received by developers for a project. The City’s balanced option ultimately contributes to private sector profit, while giving minor concessions to renters. The City also explicitly admits to a negotiation of annual rent increases *with* developers.

Through the City of Toronto’s Corporate Real Estate Management (CREM) division, the City will oversee construction of all sites once developers have been chosen, and, upon occupancy, will provide oversight of the leases, operations, and maintenance over the 99-year lease term (City of Toronto, 2020b). Land value, or what a developer would normally pay to the City to acquire land, is generally forgone in transactions under Housing Now in exchange for affordability and other City benefits (City of Toronto, 2020c). With regard to city planning, the Chief Planner is to provide key planning principles and guidelines for each of the Housing Now sites which are to be included as part of the market offering process (City of Toronto, 202d). Again, this marks the public contribution to private profit, as the City is giving high-value land and other benefits to developers.

The above statements reveal the state as an active participant in the relationship of Housing Now *through* its need to attract, retain, and negotiate with, developers. The state is not an instrument of developers, instead the state actively balances a relationship between a fraction of the dominant class and the dominated classes. The state, and its policy Housing Now, expresses,

and organizes, the interests of the dominant class (developers) through a relationship of forces that makes the state a condensed expression of ongoing class struggle (Poulantzas, 1980, p. 130). The relationship between the City of Toronto and developers is ripe with contradictions, most notably the City's intervention in the market to provide affordable housing and simultaneous appeal and dependence on developers to bring projects to fruition. Nonetheless, from these contradictions the state can be read for its extensive and necessary role.

### ***The State's Relationship to the Dominated Classes; The City of Toronto and those in need of Affordable Housing***

As Poulantzas (1980) notes, if we are to understand the establishment of policy and the contradictions inherent in the state and a class society, we must understand how these processes depend equally, or more so, on the state's relationship to the *dominated* classes (p. 140). This paper has established the "dominated classes" as the working class and, to an extent, the petty bourgeoisie. In the housing field, we have focused specifically on those who cannot afford market rate housing but also do not qualify for social housing. Similar to its relation to the dominant classes, the state's role with regard to the dominated classes is not an external one; the dominated classes are equally inscribed in the organizational structure of the state as the material condensation of a class relationship of forces (Poulantzas, 1980, p. 140). Poulantzas (1980) further argues there can be shifts in the relationship of forces and a modification of state power in favour of the dominated classes, however, the state tends to eventually reestablish the relationship of forces in favour of the dominant classes.

The actions of the dominated classes undoubtedly leave their mark on the state, as seen with the creation of the Housing Now Initiative, which appears to provide a use-value that is not outwardly visibly compatible with capital accumulation. However, as Poulantzas states, this presence of the dominated classes within relationship of forces is not enough for the transformation of the state, as the state overwhelmingly serves capital and is a necessary formation in the functioning of capitalism, which will always have uneven development as its effect (p. 140).

The inscription of the dominated classes, or well-off members of the working class and petty bourgeoisie, within the structure of the state is evident through the Housing Now Initiative. Most obviously, the City's process for creating plans and policies usually involves community consultations. As part of the process for the creation of the *HousingTO 2020-2030 Action Plan*

(2019), the City analyzed statements from 6,000 participants and synthesized them into what is now the Action Plan. Voices from those advocating for the use values of place is explicit in the Action Plan in statements such as, “all orders of government must work together to take strong and immediate action on housing. Residents need help and they need it now” (City of Toronto, 2019a, p.3). Lived experience of housing inequity is also highlighted in the plan whereby participants reported discrimination by landlords based on income source and towards people with disabilities, members of the LGBTQ2SAI+ community, youth, refugees and new immigrants, racialized persons, people struggling with mental health issues, and Indigenous Peoples<sup>5</sup> (City of Toronto, 2019a, p. 15). Furthermore, the *HousingTO 2020-2030 Action Plan* (2019) adopts a “human-rights based approach to housing”, which is predicated on the notions that residents have equal opportunity to thrive and that adequate housing is essential to the inherent dignity and well-being of the person and to building healthy and sustainably communities (City of Toronto, 2019a, p. 4).

Housing policies such as Housing Now and the issue of affordable housing have reached the public agenda due to complex factors affecting the most vulnerable populations as well members of the middle class. Poulantzas (1980) argues that even struggles *beyond* the state can be inscribed in state apparatuses that concretize (p. 141). Poulantzas names these “long-range effects”, whose results are still present in the state, albeit in a more indirect way (p. 141). We can apply these long-range effects as having brought equitable housing access to the public agenda, due to the struggles of fractions of the working class. Long-range effects are perhaps most evident in the discussion surrounding healthcare costs and the social determinants of health and working-class struggle in the 1930s and 1940s. As for the Housing Now Initiative, working class struggle is not evident in public documents. Instead, the basis for creating the affordable housing initiative is to get those who pay large proportions of their income on rent yet have too much income to qualify for social housing, into homes. It is to take the burden off these class-fractions that occupy a middle ground in income terms. By using the term “affordable”, the state may appear to be doing good by the working class, but once the implications of that term are dissected, affordable housing is more likely to benefit the more well-off components of the petty bourgeoisie.

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<sup>5</sup> Class relations in Toronto are complex and diverse, even within the working class as it relates to housing. Factors such as race, gender, mental health, ability, and mobility all affect housing accessibility and represent a differentiated struggle. See David Hulchanski’s *Barriers to equal access in the housing market: the role of discrimination on the basis of race and gender* (1993), University of Toronto. For the U.S. case, see Keeanga-Yamahatta Taylor’s *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. These matters will also be expanded upon in Section 6 of this paper.

City Council also adopted motions to involve communities in the Initiative. One such motion was to establish a Council Advisory Committee whose job is to provide Council with advice from people with lived experience of housing instability and with expertise in a human rights-based approach to housing (City of Toronto, 2018c). From the 2020 Housing Now Annual Progress Report, City Council requested that the Housing Secretariat and the CEO of CreateTO explore options to maximize the involvement and participation of non-profit and co-operative housing organizations, including Indigenous groups and communities, in future market offerings for the Housing Now sites (City of Toronto, 2020c). From the same report, under “Recommended Program Enhancements”, Item 1(b) states, “Recognizing the need to protect renters from unfair increases in rent, this report recommends a flexible approach to implementing rent protection in future Housing Now Initiative sites”. This recommendation aims to protect future market renters from annual increases while simultaneously balances the need to encourage interest in the development of new market rental housing, ensure that projects get built, and are financially viable and well-maintained over the 99-year lease term (City of Toronto, 2020c). The inclusion of these recommendations within the Housing Now Initiative illustrates the state’s attempts to acknowledge the needs of the dominated classes. However, the flexible approach for rent protection, public contributions to private profit, incentives for real estate developers and the affordable housing definition as determined by the market all point to the *defeat* of working-class interests and protections for the most marginalized. The state is maintaining a private-based approach to housing affordability, stimulating market demand, and working to ensure the housing becomes a little more affordable for the petty bourgeoisie, shifting the scale in favour of the bourgeoisie and petty bourgeoisie. The state’s role is to provide housing with exchange value.

### ***The State and the Public Interest***

Now that it has been established that both the dominant and the dominated classes are inscribed in the state and its policies, it is now time to describe how it is that the state balances this relationship of forces. The state’s relationship to the dominant and dominated classes is represented as an expression of the general will or the public interest. In this way, the state appears as an arbiter among struggling classes (Poulantzas, 1980, p. 155). In the case of Toronto and the Housing Now Initiative, the state presents itself as the force behind the “public interest” and the most suitable means to supply affordable housing. The *HousingTO 2020-2030 Action Plan* (2019) acknowledges that although data shows significant demand for purpose-built affordable rental housing, Toronto has seen very little construction of it and instead has seen a

condominium boom (City of Toronto, 2019a, p. 78). Approximately 80,000 new condominium homes have been constructed over the last five years compared to only 4,500 purpose-built rental homes (City of Toronto, 2019a, p. 78). While condominium developments generate enormous economic wealth, attract investment, and provide new housing, the City acknowledges that not everyone is able to afford to buy or rent a condominium unit (City of Toronto, 2019a, p. 78). The City states that a “paradigm shift” is urgently needed, a shift from condominium development to supporting and incentivizing the creation of more purpose-built rental and affordable housing in Toronto, to which the City will orchestrate (City of Toronto, 2019a, p. 78). The *HousingTO 2020-2030 Action Plan* (2019) further states, “It is the policy of the City of Toronto that fair access to a full range of housing is fundamental to strengthening Toronto’s economy, its environmental efforts, and the health and well-being of its residents and communities” (City of Toronto, 2019a, p. ii). Thus, the struggles of the working class, petty bourgeoisie, and the bourgeoisie are “crystallized” in the state and disseminated as a duty to establish social justice and equality of opportunity among residents, in order to restore an equilibrium that favours these classes and strengthens the city’s economy.

Additionally, these statements in the HousingTO Action Plan demonstrate a conflict between the state and the dominant classes; the hold of economic interests over the state threatens its role as guarantor of socio-economic order and efficiency (Poulantzas, 1980, p. 156). To combat this, the state must appeal to the dominated classes, which is evidenced through its use of the term “affordable”, however, material benefits will likely only come to well-off members. It can be said that the state occupies a complex role involving balancing the interests of the dominant and dominated classes. Ultimately, policies will favour the bourgeoisie in the long term.

### ***Housing Now as a Material Condensation of a Relationship of Forces***

We can then read Housing Now as the specific material condensation of the relationship of forces among classes and class fractions (Poulantzas, 1980, p. 129). The Housing Now Initiative as a state policy illuminates the “characteristic fissures” within its very structure. The establishment of Housing Now must be seen as a result of class contradictions and divisions inscribed in the structure of the state. The state oscillates its compromises between the dominant and dominated classes, with short term material sacrifices on behalf of the dominant classes as seen with Housing Now, in an effort to maintain longer term growth goals, as will be discussed in the following section. The material sacrifices the state makes on behalf of the dominant classes are brought to issue due to the struggle waged by the dominated classes to obtain housing access



and socially just uses in the city. In this way, the City of Toronto *cannot* be seen as offering social functions in a “pure” manner as the concept of the welfare state promotes.

Now that we have established the state as a material condensation of a relationship of forces between the dominant and dominated classes, it is now time to turn to *how* the State expresses the long-term interests of a fraction of the dominant classes (developers) and helps to maintain this fraction as the dominant.

## **4. Hegemony of the Entrepreneurial State: Never-ending Growth**

Of importance to the Housing Now Initiative is how the state positions and maintains real-estate developers as dominant. This matter is of importance in light of the fact that the framework within which Housing Now operates is a formulaic model within City of Toronto governance (i.e. inclusionary zoning). Is the Housing Now Initiative, and other state-led affordable housing initiatives, able to provide a long term supply of affordable housing that allows people who want to live in Toronto to do so? The inherent contradictions and fractures within capitalism are beyond the scope of this paper, but we can begin to tease out how real estate, and the profits to be gained from it, are able to remain the dominant mode of spatial organization and, consequently, a force that perpetuates the social crises we are faced with today.

I propose that the hegemony of growth positions developers and the real estate industry as dominant in its relation to the state. Growth, specifically growth in land rent, is achieved through the acceptance of market housing as the basis for housing provision, which Housing Now ultimately endorses. Market housing will stimulate the creation of affordable units, which, as discussed, are aimed at those that cannot afford market housing but do not qualify for social housing. Housing Now seeks to expand that middle-ground class. The hegemony of growth is evident in the policy framework of Housing Now through its emphasis of the connection between affordable housing and complete communities, living in close proximity to employment, and the strengthening of Toronto’s and Canada’s economy. As Poulantzas (1980) argues, “the state apparatuses consecrate and reproduce hegemony by bringing the power bloc and certain dominated classes into a variable game of provisional compromises” (p. 140). We can view the Housing Now Initiative as one of those “provisional compromises”; an instance in which those who need access to housing and those who have the power to provide that need are brought into

a relationship. What allows that relationship to function in the game of capitalism is growth. State intervention should align rising land rent with the goals of broader economic, demographic, infrastructural and reputational growth.

### ***Union of Economic and Political Aims***

According to Harvey (1989), the hegemony under capitalism consists of a broad range of class practices connected to the circulation of capital with the function of reproducing and controlling labour power and class relations (p. 5). The purpose of this section is to dissect how the Housing Now Initiative maintains this hegemony through class relationships and capital accumulation and circulation. We have already established that the Housing Now Initiative involves a range of actors from both dominant and dominated classes, but what is it that allows this hierarchy to form? With the help of Poulantzas (1978b; 1980), Gramsci (1992), and Logan and Molotch (2007), we can begin to understand how hegemony functions and how the state upholds it.

For Gramsci (1992), the concept of hegemony is exercised by the dominant group in society as well as by the state and juridical government (p. 12). Poulantzas (1978b) builds upon this concept and delineates hegemony as applying only to the political practices of the dominant classes in a capitalist formation, and not to its state (p. 140). Although there is a slight difference between the two theorizations of hegemony, both agree that the dominant classes occupy their position due to hegemony, which, in turn, is materially played out as a public good or as the general interest. The economic interests of the dominant class, in this case, the ideas about land development, must become the interests of the dominated classes as well. Poulantzas (1978b) understands this stage as a transformation, in which the interests of the dominant classes and fractions transcend a purely economic character into a moral obligation to subordinate groups (p. 140). The “struggle” becomes waged on a universal plane, transcending the economic and becoming inextricable from morality, thus creating the hegemony of a fundamental social group over a series of subordinate groups. For Poulantzas (1978b), this “transformation” represents a union of economic and political interests that is *sustained* and organized by the state.

For Logan and Molotch (2007), those who belong to the hegemonic fraction in the specific context of urban politics are those who have the most to lose or gain from land-use decisions: modern day “rentiers” and their allies who earn income without directly contributing labour (p. 62). Logan and Molotch further argue that despite the internal disagreements within the growth machine,

these landed interests can unite behind growth (p. 65). They are clear that branches of the state can be part of, and help shape, the formation of growth machines.

Although made with respect to the specific field of land development, Harvey and Molotch's points echo Poulantzas (1978b), who argues that the actors within the power bloc are far from unified and that the state plays a role organizing this bloc (p. 184). The power bloc consists of several fractions of the bourgeois class and is divided by internal contradictions, thus requiring the state as political unifier (p. 157). For Poulantzas, the state overwhelmingly serves the interests of the hegemonic fraction, which is *one* fraction of the power bloc or the bourgeois class, and at the time of his writing, Poulantzas saw this fraction as monopoly capital. The "growth machine" (Logan & Molotch, 2007) can be viewed as somewhat parallel to the power bloc/bourgeoisie. It consists of those who are positioned to gain the most from land organization and the surplus value it generates, namely real estate developers. Ancillary players in the growth machine (politicians, local media, infrastructure providers, universities, retailers, and organized labour, for example) may align with the goals of real estate developers and put forth practices to uphold the cycle of never-ending growth. While Logan and Molotch speak of the growth machine, and specifically, the dominance of the land-owning class, they speak very little of class relations in general. Poulantzas (1980), on the other hand, speaks significantly about class relations, struggles and structure, while mentioning the land-owning class only in passing. He acknowledges Marxist debates about big landowners, but in the end delineates them as "non-bourgeois" (p. 127). Poulantzas (1978b) further acknowledges that landowners occupy an integral role *in the transition* to capitalism and remain an economic and political force under the hegemonic fraction.

Manning (2022) helps clarify the position of landed fractions of capital within the capitalist class structure. Manning argues in defense of the landowning class as the third class along with the proletariat and the capitalist classes, a view not shared by many Marxists. In teasing out Marx's definition of landowners, Manning (2022) recognizes the necessity of land for the reproduction of capitalist relations while at the same time acknowledging the uniqueness of land as a commodity: "landowners are superfluous vis-à-vis the concrete process of value production, while being necessary to the reproduction of the totality of capitalist social relations. Their role is not to instigate or direct the production process, but to prevent land from being used as common property" (p. 85). The "third class theory" is dismissed by some Marxist theorists on the basis of the following arguments: landowners are a leftover from feudalism; landowners are a subset or a mere fraction of the capitalist class; landowners wither away as a class with the development of

capitalism; and the landowning class is replaced in “late” or “financialized” capitalism by a rentier class fraction (p. 90).

For purposes of this paper, I treat large landowners, including developers, as one fraction of the capitalist class. While acknowledging that land is a unique commodity and that landowners are necessary for the reproduction of capital, I diverge from Manning by treating landowners/developers as a fraction of capital, and, in relationship to urban growth machines, the power bloc in urban politics, and the local state. Despite the differing conclusions of Poulantzas, and Logan and Molotch, their arguments both point to the questions of hegemony, the process through which dominant classes organize and are organized (in part by the state) to rule and shape decisions. My focus has been on decisions related to land use and housing as exemplified by Housing Now Toronto.

How does the hegemony of growth and real estate apply to Housing Now? The City of Toronto, through its policies, positions affordable housing as necessary to the growth goals of Toronto, effectively merging the social, political and economic realms through housing. The City’s Housing Now website states that, “the [Housing Now] Initiative will stimulate the creation of complete communities with a range of new housing where residents can afford quality housing near transit” and, “Housing Now is an initiative to activate City-owned sites for the development of affordable housing within mixed-income, mixed-use, transit-oriented communities” (City of Toronto, 2017c). The *HousingTO 2020-2030 Action Plan* (2019) states, “It is the policy of the City of Toronto that fair access to a full range of housing is fundamental to strengthening Toronto’s economy, its environmental efforts, and the health and well-being of its residents and communities” and “good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region and the country as a whole” (City of Toronto, 2019a, p. ii & 8). Another line reads, “Increasingly, housing affordability across the GTHA is having an impact on the region’s prosperity” (City of Toronto, 2019a, p. 103). The annual progress report from June 2020 states, “advancing Housing now will also help stimulate job creation at a time when economic recovery is top of mind” (City of Toronto, 2020c). These linkages between [affordable] housing and sustainability and economic prosperity positions those who can provide affordable housing as hegemonic. In the case of Housing Now, developers are that fraction of capital that are able to pay for the construction of affordable housing (City of Toronto & CreateTO, 2019); the construction costs have to be paid for through the sale of condos on the sites and through charging market rents on most of the units. The connection between

affordable housing and the economy not only demonstrates the goal of increasing the economic growth and prosperity of the City, but also represents a specific point in which growth is no longer a purely economic issue, but has come to define issues of health, well-being, and the environment. Growth becomes that all-encompassing factor that everyone can, and should, agree upon for their well-being, while also positioning those that can provide it effectively as dominant.

### ***The Value of a Home***

The sentimental value of a home and its unique commodity status allows housing to occupy a special sphere to which developers and the state can capitalize on growth. Logan and Molotch (2007) offer input related to the sentiment created around housing. For them, *places* have “special use values”, or a certain preciousness for their uses that is different from the conventional commodity (Logan & Molotch, 2007, p. 17). This definition adds to the unique commodity status as described by Marxist theorists. The special use value of place creates an imbalanced market relation between buyers of place and sellers of place (Logan & Molotch, 2007, p. 18). People pay what the landlord demands because the property in question has locational benefits. Crucially, Logan and Molotch connect the material use of place to its psychological use; the home makes physical survival possible and allows people to fulfill life’s crucial goals (Logan & Molotch, 2007, p. 20). Sentiment towards place is created whereby particular places are seen to fulfill a complex set of needs.

Logan and Molotch further argue that place entrepreneurs (including the City as serendipitous entrepreneur) establish rent according to the differential locational advantage of one site over another (p. 24). Therefore, differentiation in rents is dependent on the relation between desirable and non-desirable parcels of land. The differential rents obtained from land aligns more with Marx’s notion of “ground rent” – a revenue stream produced through landed property that is categorically distinct from profits, wages, and interest (Manning, 2022, p. 80). Thus, growth, as it relates to land development, is predicated on the commodification of land and housing, as well as people’s desire for place and community. The unique status of land and housing, the sentiment it produces, and its limited quantity creates a significant opportunity to accumulate wealth.

Housing Now’s emphasis on building complete communities where residents can live near employment opportunities in mixed-income and transit-oriented communities promotes a special use and exchange value of place. The Housing Now project sites have a locational advantage

due to their proximity to transit stations as a result of their previous use as surface parking for commuters. Housing Now entails a conversion of these land parcels near transit into complete communities, where residents can live near transit and other crucial services (daycare, recreations, parks) and get to work easily and efficiently. The emphasis on complete communities is in effect about social reproduction, as will be discussed in the next section. It also highlights the importance of growth as achieved by housing; access to housing in complete communities will fulfill life's requirements, creating sentiment of place. Further, the ability to live affordably near work will grow Toronto and contribute to the economic prosperity of the City and nation.

The agenda of Housing Now as seen by its reports and marketing is no different than that of other City documents, such as the Official Plan (2022); all documents point to the importance of growth and its necessity to the survival of individuals, their communities, cities, and the country as a whole. As Chapter 1 of Toronto's Official Plan (2022) states, "successful cities are key to a healthy future. They are cities that will attract investment with their high quality of life" (p. 1-1). Housing is an essential component of the hegemony of growth as it provides the necessary socially reproductive space to allow the City to grow and [economically] prosper. The concern then arises if affordable housing should be incorporated by government into a market-oriented approach serving the interests of a growth machine where the use-value of place is capitalized upon.

### ***The Universality of Growth***

The hegemony of growth is maintained because of its apparent universality and its capacity to appeal to a certain morality. If the connection between growth and capital accumulation is de-emphasized and growth is instead linked to the betterment of lives for the majority, growth becomes woven into everyday survival. Logan and Molotch (2007) maintain that advocates of growth claim that more intensive development benefits all groups in a given region (p. 85). They claim that growth strengthens the local tax base, creates jobs, provides resources to solve city problems, meets the housing needs caused by population growth and allows the market to serve public tastes in housing, neighbourhoods, and commercial development, with the effect of blurring the line between use and exchange values (Logan & Molotch, 2007, p. 85). When the distinction between use and exchange values is blurred, the intense need for housing takes on an unnecessary complexity instead of an inherent right and use that the population requires to survive day to day.

The assumed neutrality of growth as (supposedly) value-free development can have the effect of bringing residents into a consensus. By proposing to lessen the effects of the housing crisis, Housing Now and the City equate aggregate growth to a public good, bringing prosperity to Toronto's residents and Canada as a whole. Growth will bring jobs, expand the tax base and pay for further urban services. Local governments are wise to get behind growth. The goals of the growth machine are achieved when the residents become part of the development consensus.

The City propels policies that are dependent on the real estate market to pay for the use-values of place, in this case, the affordable housing portion within the Housing Now Initiative. Both the City, through their Official Plan, and developers, through the gain to be achieved through real estate, agree on the issue of growth itself, albeit for different motives. Residents become a part of the growth equation. Growth, as achieved by access to housing for all, will contribute to the economic prosperity of the city and the nation.

### ***State as Guarantor of Class Hegemony***

The existence of the state is a function of a relationship between itself, the dominated and dominant classes. The City of Toronto as guarantor of class hegemony is not necessarily malicious in intent but is dialectically produced by the relationship between all actors. By way of the state's organization of the dominant classes, it can be said that the policies and measures taken by the local government, even if initially propelled by the use values/needs of the dominated classes, are compatible with the reproduction of capital (Poulantzas, 1980, p. 185). The Housing Now Initiative represents, and takes into account, a relationship with the most vulnerable and their resistances, but the final result is still a part of a pro-growth, pro-capitalist strategy that maintains the hegemony of the landowning class (Poulantzas, 1980, p. 185). The Housing Now Initiative is a condensation, a microcosm, of the larger relational forces that the state participates in. As Logan and Molotch (2007) argue, the growth elites' long-term interests can sometimes best be served by selectively granting concessions to those in opposition, and public authorities or local government are best suited to carrying out this task (p. 35). By appealing to growth to build consensus, the state promotes the reproduction of labour power and social reproduction, necessary to maintain the status quo.

To take this analysis a step further, the City of Toronto can also be seen as possessing the characteristics of Gramsci's (1992) "ethical/cultural state" (p. 258). According to Gramsci, every state is ethical due to its important function of raising the mass of the population to a particular

moral level, a level that corresponds to the needs of the productive forces for development, and hence to the interests of the ruling classes (Hoare & Smith, 1992, p. 258). Through *affordable* housing, the state not only binds itself to the dominant classes; it also intends to *grow* the middle class, a class best suited to make Toronto competitive. The growth strategy that underpins the Housing Now Initiative binds the state and developers to a common agenda, maintains the legitimacy of the real estate market, and, in theory, ensures everyone has what they need to continue to work. Growing Toronto through staying in place is achieved when more people have access to housing (namely middle-class residents), reside in proximity to transit and can travel to and from work every day.

### ***Is Growth the Solution?***

Logan and Molotch (2007) question the effects of growth and assert that urban growth (population, wealth, prosperity) or, indeed a growing amount of land rent collected, cannot be said to have increased levels of either racial or class equality (p. 94). Growth will likely increase inequality through its effects on the distribution of rents and urban growth will lead to a larger number of bidders for the same critically located land parcels, such as those located near transit. For Harvey (1989), the trend of urban entrepreneurship, or local governments competing with each other for investment, contributes to increasing the disparities in wealth and income, even in those cities that exhibit strong growth (p. 12). To say that these negative effects of growth are directly endorsed by the Housing Now Initiative is not the goal here, instead it is to point out that growth goals are embedded in City-run initiatives, including Housing Now, and equating growth with health, even in the case of affordable housing, stimulates the growth of real estate forces with the effect of making housing less affordable.

## **5. Function of the Capitalist State: Social Reproduction**

State policies aimed at increasing exchange values can increase capital accumulation and growth. Additionally, I would argue, the measures taken up by the capitalist state are also compatible with the reproduction of labour power. As Poulantzas (1980) acknowledges, state measures such as “social security, medical practice, hospitals, social welfare, town planning, community services and leisure are all stamped with the bourgeois seal – measures taken in these fields serve the capitalist reproduction of labour power and division of labour, even if they are partially due to the popular struggles and even if they represent an acquisition” (p. 189). Thus,



the state's penetration into activities related to education, employment, housing, health, transportation, urban development and collective consumption function for the reproduction of labour power, ensuring the maintenance of hegemony (Poulantzas, 1980, p. 176). State involvement in these areas theoretically provides the worker with the means to continue work every day. State policies may have the goal of distributing and re-distributing surplus value, as is the case in Housing Now Initiative, but these policies also have the function of maintaining the wider reproduction of the capitalist system that may, inherently, not be able to adequately provide basic access to necessities such as housing.

The state's role in the expanded reproduction of labour power, as described by Poulantzas (1980), points to wider conversations taken up in the realm of social reproduction. There have been many debates since Poulantzas wrote about the reproduction of labour power and the current Marxist-feminist debates around social reproduction. Aside from Poulantzas' place in the history of this theoretical tradition, social reproduction theory began during the second wave of feminism in the 1960s within Marxist feminist spheres. It initially sought to address the unrecognized and unwaged labour being done in the household, typically by women, to make continued production possible in the factory, for example (see Dalla Costa, 1972; Vogel, 1983; Morton, 1971). These initial discussions revolved around the origin of women's oppression under capitalism, regardless of race, class, and sexuality (Winders & Smith, 2018, p. 875). Building on early work by authors like Angela Davis and Claudia Jones (see below), recent social reproduction theory has come to pay closer attention to the relationship between reproductive and productive spheres as well as questions of race, postcoloniality, and borders (Winders & Smith, 2018, p. 881). Capitalism works to blur and hide social reproduction to the point where categorical distinctions between home and work, productive man and reproductive woman become increasingly inadequate for describing who is involved in social reproduction, what it is, and where it is performed.

Social Reproduction Theory (SRT) emerged recently and discusses the kinds of processes that enable the worker to arrive at the workplace, whose labour produces all the wealth in society and allows for capitalism to reproduce itself (Bhattacharya, 2017, p. 1). The framework of SRT seeks to make visible the invisible labour and work that are often overlooked by classical economists, Marxists, and politically denied by policy makers (Bhattacharya, 2017, p. 2). As Bhattacharya and Vogel (2017) acknowledge, our understanding of capitalism is incomplete if we treat it simply as an economic system involving workers and owners and fail to analyze how the wider social reproduction of the system occurring in the household, schools, hospitals, and prisons sustains

the drive for accumulation (p. 2). SRT further addresses the social, cultural, racial, and economic contours that are at play when reproducing the worker, which are crucial factors when speaking of the maintenance of capitalism. SRT is crucial to understanding the function of housing policy as well as the complex factors that underpin different experiences within the working class.

The Housing Now Initiative's policy documents contain hints that underline the importance of social reproduction and the reproduction of labour power to the city. Of course, and it cannot be understated, barriers to accessing housing are very real and a lack of adequate housing determines the socio-economic status, health, and opportunities for individuals. What I am trying to convey is that while the City of Toronto recognizes the basic right to adequate housing for all, it is always addressed in relation to the economic status of Toronto, Ontario, and Canada as a whole. When the economic role of a city is deemed inseparable from basic access to housing (and other matters of collective consumption), a veil is dropped over the structural and systemic barriers that prevent accessibility. The consequences are vast, one being continued inadequate solutions for the provision of basic rights such as housing. Nonetheless, social reproduction is useful for explaining the intentions behind collective consumption initiatives.

We can see evidence of social reproduction as an effective policy goal throughout a variety of Housing Now documents. The City's Housing Now website states, "The Initiative will stimulate the creation of complete communities with a range of new housing where residents can afford quality housing near transit" (City of Toronto, 2017c). Further, many descriptions of Housing Now maintained by the City open with an emphasis on the development of affordable housing within "mixed-income, mixed-use, and transit-oriented communities" (City of Toronto, 2017c). The emphasis on "complete communities", "mixed-use", "mixed-income", and "transit-oriented communities" is part of a larger trend within urban planning, popularized by Jane Jacobs (1961), and whose earlier form dates back Soviet-era "social condensers" (see Hatherley, 2015). Jacobs (1961) argued that the mixing of diverse uses creates vibrant and successful neighbourhoods. Combine a mix of uses with transit-oriented development and a mix of incomes and you have Toronto's recipe for "revitalization" and new development projects alike, whereby "mixed-income housing is seen as an antidote to the conditions of social and economic isolation brought about by traditional public housing development" and where the "behavioral patterns of lower-income tenants will be altered by interaction with higher-income neighbours" (Kipfer & Petrunia, 2009). Policies of social mixing, as discussed by Kipfer and Petrunia, no doubt represent racialized

strategies to recolonize city space. These policies also represent attempts to moralize low-income residents, socializing them to the processes of capital accumulation.

Take, for example, the *HousingTO 2020-2030 Action Plan* (2019) that states, “for individuals, our city, our region and our country to prosper, meeting the challenge of providing adequate, accessible, appropriate and affordable housing options for Toronto and the region’s residents is a job that must be well done” and “Good quality, affordable housing is also the cornerstone of vibrant, healthy neighbourhoods and supports the environmental and economic health of the city, region, and the country as a whole” (p. 6). These statements equate economic prosperity with access to affordable housing and imply that the presence of affordable housing creates “healthy” neighbourhoods. What makes a neighbourhood “healthy” within City documents is a combination of a mix of uses, housing tenures, incomes, and proximity to transit. The City of Toronto also states that housing is essential to building sustainable and inclusive communities, which, again, focuses on the linkages between housing and a flourishing Toronto, as “housing affordability across the GTHA is having an impact on the region’s prosperity” (City of Toronto, 2019a, p. 22; p. 103). The Action Plan goes on to say that the lack of housing affordability within Toronto has resulted in people seeking residence outside of the City, forcing them to commute to the city every day and creating gridlock (City of Toronto, 2019a, p. 103). The hours spent commuting every day “has health impacts for residents and negatively affects the productivity of the region” (City of Toronto, 2019a, p. 103).

As for the “transit-oriented approach”, the City states that transit-oriented housing development will provide residents with access to a range of services as well as employment opportunities and contribute to combatting climate change by reducing the need for driving and energy consumption (City of Toronto, 2019a, p. 81). Adopting a transit-oriented development approach “provides an opportunity to create complete communities with a range of housing options and increased opportunities for low-and-moderate income individuals to live and work locally” (City of Toronto, 2020b). Thus, transit-oriented development is seen as the key to sustainability as well as a comfortable setting for the worker to get to and from work and participate in accumulation processes.

Furthermore, City Council requested that the market offering process for the Housing Now sites be favorable to those bidders that can provide community benefits opportunities, such as social procurement and apprenticeship, training, and/or other hiring opportunities for people from equity-

seeking communities (City of Toronto, 2020d). The inclusion of hiring opportunities within the Housing Now development and construction process will not only provide employment for equity-seeking groups, but it also points to the economic stimulus that the housing industry provides, strengthening the link between housing, employment, and the economy, a longstanding cornerstone of Canadian housing policy.

This sentiment is carried on throughout the City's monitoring of the Housing Now Initiative, and specifically the memo titled "Creating New Affordable Housing Opportunities through Phase Two of the Housing Now Initiative" that was released in May of 2020. During this time, many people in Toronto were laid off due to the effects of the COVID-19 pandemic and subsequent closure of many institutions, facilities, and workplaces. The beginning of the report is quick to mention the successes of Housing Now up until March 2020, where work was "well underway to advance Phase One" of the Initiative, whereby an estimated 10,750 new residential units with 7,800 purpose-built rental housing, including 3,900 affordable rental units were to be built (City of Toronto, 2020d). The report also states the importance of, now more than ever due to the COVID-19 pandemic, increasing the supply of permanent affordable rental housing in the City. Of importance for the social reproductive qualities associated with the Initiative are the following phrases:

*"The pandemic has quickly highlighted that access to a safe, secure and affordable homes is essential to a person's health and well-being, and the overall well-being of our society."*

*"Increasing affordable housing opportunities for residents will also make a profound contribution towards our socio-economic recovery from the pandemic. Specifically, investments in residential construction deliver one of the largest economic multiplier effects, with a total of 10 jobs created (including five direct and five additional indirect and induced jobs) for each one million dollars invested in housing."*

*"Expanding programs such as Housing Now will help people get back to work, while creating a range of much-needed housing. Investments in permanent housing would also significantly reduce costs to the health care, emergency shelter and justice systems."*

(City of Toronto, 2020d)

From the report's equity impact statement, it is reiterated that access to good quality, safe, affordable housing is an important determinant of health, supports the environment and improves the socio-economic status of individuals, families and communities as a whole (City of Toronto, 2020d). To support the reproduction of the family unit, the Housing Now Initiative will also add important community assets such as childcare facilities, space for community agencies, local parks and open spaces (City of Toronto, 2020d). The emphasis placed on building affordable housing within these "complete communities" implies the importance of locating the family unit near services and employment to ensure its continued reproduction, which is, of course, differently experienced based on gender, race, and class. The concept of complete communities works to erase the differential experiences of social reproduction and ways housing policy has been shaped by gendered and racialized histories.

Hayden (1981) traces the history of "Mrs. Consumer" and the housewife during the Red Scare in 1920s America. In response to the threat of socialism, antifeminist and pro-consumption rhetoric emerged, with ideas of applying scientific management to housework (p. 285). Hayden describes Christine Frederick, who, in 1928, released *Selling Mrs. Consumer* addressed to marketing and advertising executives, and proposed the creation of consumer credit and mortgages to young couples (p. 285). Efficient housework requires new furnishings, all for the creation and maintenance of a nice home. Hayden reminds us of the links between gender, housing, housing policy, and consumerism. Jones (1949), a Black Marxist feminist, points to the ways Black women do not fit the dominant [white] conceptions of the housewife bound to the spatial sphere of the home. Because of slavery and its legacies during the post WWII era (when Jones was writing), Black women have been protectors of the family, workers, heads of families and the main breadwinners all at once (p. 5). Jones questions early social reproduction theories that did not account for experiences at the intersection of race and gender. Her analysis also allows us to shed critical light on the discourse of complete communities, which also has the effect of masking the varied relations within the working class and petty bourgeoisie and the moralizing aspects of housing policy.

Finally, the case of 50 Wilson Heights Boulevard, a Phase 1 Housing Now site, illustrates the tenets of social reproduction throughout reports generated for the project. During the business case preparation process, it was stated that the development concepts identify opportunities to optimize City-owned land "for the creation of affordable housing and mixed-use, mixed-income, livable communities" (City of Toronto, 2019b). In the approval of agreements for 50 Wilson

Heights Boulevard, the conclusion notes how advancing this project will provide a range of new housing within a complete community with access to community benefits near transit (City of Toronto, 2020d).

The purpose of the Housing Now Initiative is to expedite the development of mixed-use, mixed-income communities on City-owned land close to transit. The principles of mixed-use and mixed-income seek to provide the necessary resources to survive and arrive at work every day. These principles also promote assimilation and moralizing processes in the name of capital accumulation. The goals are not unique to Housing Now but reflect the overarching strategies outlined in Toronto's Official Plan (2020), such as policies for community services and facilities, parkland, environmental performance, and the provision of non-residential space, new public roads and heritage preservation. The Housing Now Initiative and wider City policies point to the necessities required by capitalism, the solutions and justifications for a system ripe with contradictions and a cycle of never-ending growth. Housing Now, if implemented and brought to construction, will undoubtedly provide *some* affordable housing for low- and middle-income people, increasing the life chances and overall comfort and security of residents. At the same time, the Housing Now Initiative is a pro-capitalist strategy, ruled by the same laws that dictate the rental and sale of market-rate housing. Housing Now advocates, and puts into policy, the reproductive qualities (both of the family and the worker) necessary for capitalism to continue, as indicated by the above statements. Economic recovery, exasperated due to the COVID-19 pandemic, is top of mind, and necessarily so, as continued work and employment affords more housing, creating and reproducing the worker and divisions within the working class.

## 6. Where is Housing Now?

Since its kickoff in 2019, it has been a turbulent ride for the Initiative, despite early traction. Has the Housing Now Initiative been able to address its founding objectives? Has Housing Now involved the non-profit sector in the market offering process? Has Housing Now reached its goal of providing more affordable housing for residents of low- and moderate- incomes? Can local governments organize the provision of affordable housing, and if not, who is the most suitable to carry out this task? These questions will be addressed by referring to the 2023 Progress Update released on April 13, 2023 by the City of Toronto.

## ***Early Success***

Since the Housing Now Initiative was first approved by City Council at its meeting in January of 2019, the City of Toronto has dedicated 21 of its prime transit-oriented sites and earmarked another five sites, for the delivery of purpose-built affordable and market rental housing (City of Toronto, 2023a, p. 1). Ten sites have been re-zoned and six market offerings completed. The City has committed over \$1.3 billion in land value, capital funding and financial incentives to the program, making it one of the largest municipal financial investments in housing to date. The April 2023 Progress Report also includes recommendations to move forward three shovel-ready sites and to get more affordable homes under construction in Etobicoke, Scarborough and North York (City of Toronto, 2023b).

## ***The Collapse of Housing Now***

Although the Housing Now Initiative has received significant investments, expedited and completed multiple planning approvals, and retained successful developer partners through the market offering processes, no construction has yet been started on any site (City of Toronto, 2023a, p. 1). The three stages a Housing Now project site was to go through was to take a maximum of five and a half years; 3-6 months for Stage 1 Business Case, 7-12 months for Stage 2 Market Offering, and 2-4 years for the Housing Delivery (City of Toronto, 2017c). At its shortest timeline, the affordable housing on a given site could be achieved in two years and ten months.

In a CreateTO report from September 2019, Phase 1 sites including 140 Merton, 777 Victoria Park Avenue, 705 Warden Avenue, and 50 Wilson Heights Boulevard were set to have construction start in the fourth quarter of 2020 (p. 14). According to the April 2023 Progress Report, construction has not started on any of these sites due to the COVID-19 pandemic, macroeconomic factors impacting the construction industry, and provincial and federal actions impacting Toronto (City of Toronto, 2023a, p. 1). The rise in construction costs since 2019 has made it increasingly expensive to build high-rise residential. Furthermore, the federal government has introduced changes to the National Housing Strategy which caps capital grant funding allocations that are insufficient for developing new housing in Toronto. At the provincial level, the implementation of Bill 23 More Homes Built Faster Act has eliminated development charges revenues, a primary funding tool at the municipal level (City of Toronto, 2023a, p. 2). Add to these factors rising interest rates and global supply chain disruptions, and it is becoming increasingly difficult to build the affordable housing set out in Housing Now.

The market factors and the specific organizational structure of the Housing Now Initiative, which depends on the cooperation of developers and layered benefits from other levels of government, has left the Initiative at a standstill. We can read these comments put forth by the City in multiple ways. First, the failure of Housing Now is due to *external* market factors such as rising construction costs and interest rates which have made it impossible to construct affordable housing, as the City suggests. A second reading is to understand that these unpredictable market factors were built into the structure of Housing Now from the beginning, *internal* to its framework and implementation. This latter reading recognizes the contradiction embedded in the Initiative, whereby a pro-capitalist strategy bound up in private capital and the instability of the real estate market is incompatible with an affordable housing program. We can relate this incompatibility to Poulantzas (1980) and view the state as a site of a relationship of forces between the dominated and dominant classes, whereby the state is a condensed expression of ongoing class struggle in a capitalist society (Poulantzas, 1980, p. 130). If we view the state, or the City of Toronto, as a relationship of forces, it no longer has the power of a thing/subject, able to exert an external force to address the needs of society. The question that is left to be answered is if state-led initiatives can adequately address collective needs if the state itself is the site of class contradictions and divisions, constantly changing and responding to different class needs, but ultimately upholding the hegemony of those who seek to most benefit from land value (among other matters).

The 2023 Progress Report makes a series of recommendations to City Council to help “unstick” Housing Now projects. The recommendations include taking a geographic-specific approach to site delivery (including tenure, mix and types of units), offering financial grants/contributions, particularly to non-profit projects and those located in market zones with lower land values, provided that the City is reimbursed by the Government of Ontario for the housing services (development charges) revenue losses being incurred as a result of Bill 23 More Homes Built Faster Act (City of Toronto, 2023a, p. 2). If the provincial government does not provide or commit to a multi-year reimbursement of lost revenues by the third quarter of 2023, the City of Toronto will not be able to advance future Housing Now sites, including those earmarked to proceed in 2023 and 2024 (City of Toronto, 2023a, p. 2).

### ***Construction to Start***

The aforementioned report from City Council (April 23, 2023) was adopted by City Council as indicated by a news release published by the City on May 11<sup>th</sup>, 2023. By adopting the report, the



City will ensure that construction begins on three Housing Now Sites (5207 Dundas Street West, 50 Wilson Heights Boulevard, and 140 Merton street). Deputy Mayor Jennifer McKelvie states, “by adopting the recommendations in the Housing Now 2023 Progress Update Report, City Council is once again recognizing that this initiative is a critical component of the HousingTO 2020-2030 Action Plan and is an innovative way to leverage City land and resources to increase the necessary supply of permanent affordable rental housing in Toronto” (City of Toronto, 2023b). Furthermore, she states “This report emphasizes immediate actions the City can take and new and enhanced investments required by the federal and provincial governments to help deliver the envisioned number of affordable rental homes under the Housing Now program” (City of Toronto, 2023b). Despite the hardships the Initiative has faced, City Council has re-acknowledged the amount of affordable housing units the Initiative can deliver. It remains to be seen if construction will start or if the Housing Now Initiative will run into the same obstacles above, obstacles that can certainly emerge within state-led initiatives at this current historical moment when big money is to be gained by real estate.

As Logan and Molotch (2007) observe, theories that posit that the market is “free” and autonomous fail to acknowledge people’s bonds to place, the collusion of entrepreneurs and the regulatory function of the state, all inherent attributes of real estate markets and state operation (p. 41). Furthermore, they note that cities, regions, and nations do not compete to please people; they compete to please capital (Logan & Molotch, 2007, p. 41). In other words, the state upholds revenue generating structures and is heavily embedded in real estate practices, an *industry* that has historically failed to satisfy residents claims on behalf of the *use* values of place.

## 7. The Implications for Planning

What are the implications for city planning departments, both at the City of Toronto and across Canada? Logan and Molotch (2007), when discussing governments for growth, identify professional land-use planning as owing its existence to [place] entrepreneurs seeking higher investment returns rather than to residents trying to build better lives (p. 37). The goals of place entrepreneurs are achieved when residents become part of the development consensus (Logan & Molotch, 2007, p. 39). Like Poulantzas, Logan and Molotch also acknowledge that the longer-term interests of growth elites can sometimes best be served by selectively granting concessions to those in opposition, and public authorities are often best suited to carry this out (p. 35). Logan and Molotch tend to adopt an instrumentalist approach whereby the state is an instrument of the

growth machine and growth elites, under the influence of growth goals. While I do not necessarily agree with an instrumentalist approach and instead favour the relational approach offered by Poulantzas, I do recognize important insights offered by Logan and Molotch. They rightly recognize that the planning process is inherently political. Any land use designation distributes use and exchange values and is justified by the goal of a “healthy, growing community”, where health and growth are equated (p. 156). Planning tools such as zoning function to promote the highest and best exchange value, which is whatever the market dictates, leaving people to find housing on an unchanged private market, a landscape that Housing Now is a part of.

The point of contention with Logan and Molotch, and growth machine theory more generally, arises with statements such as “rentiers have been continuously well served through their ongoing coalitions with political actors at all levels”, hinting at an instrumentalist approach, where, for example, the City of Toronto is the puppet of developers (Logan & Molotch, 2007, p. 178). It is perhaps more useful to acknowledge that while there may exist close relationships between individuals at all levels of government and real estate developers, the City and developers have a co-dependent relationship, where one needs the other to achieve their goals and vice versa. Urban planners, or at least those planners that are employed by the City, are implicated in this relationship (although, planners working in the private sector are equally implicated). Currently, urban planners do support growth interests, not necessarily because they deliberately seek to elevate exchange values over use values, but because the precious commodity of land is their business. Planners are caught up in that codependent relationship and will act in necessity to uphold growth, as long as their local state endorses its benefits in policies. As Logan and Molotch rightly point out, the intervention (by government and planners) in how land is distributed was never meant to replace the property marketplace, only to smooth out its functioning (p. 153).

If the planning field is implicated in stimulating and maintaining real estate growth goals, then it is also in the service of growth. Then, it can also be said that planning practices accelerate the very issues it seeks to address, indicating one of those contradictions inherent in capitalism. There will always be a need for urban planning in a capitalist mode of production, just like there will always be a need for a state. For high quantities of affordable rental housing to be built for the working class, planners must work to diminish the role played by the landowning class, which is not the trajectory of current affordable housing strategies as demonstrated by Housing Now.

## 8. Concluding Remarks

While the intentions behind the Housing Now Initiative (to provide needed affordable housing in convenient locations around the City of Toronto) are worthy, the analysis provided in this major paper causes us to challenge the wider system of capitalist accumulation that necessitates initiatives like Housing Now to fill the gaps that itself cannot provide. The Housing Now Initiative is supportive of capital accumulation while appearing to address the dominated classes, but in the final analysis, is materially benefitting capitalists, the more well-off fractions of the petty bourgeoisie and, perhaps, the working class, and, of course, the overall growth strategy put forth by the City of Toronto.

The analysis presented in this major paper points to the necessity of investigating urbanization processes. Urbanization plays a part in maintaining a class divided society in the name of capitalist accumulation and circulation, all of which requires the reproduction and control of labour power. Currently, the methods of maintaining hegemony revolve around land, creating communities with the necessary means by which labour power can be reproduced. This major paper argues that the Housing Now Initiative, a state policy, is bound up with the relations of production and questions the efficacy of state-led Initiatives in Toronto to provide use-values over exchange-values. The Canadian state has a long history of promoting market rental and ownership housing. Even at the best of times, social housing construction came a distant second. If the function of housing policy is to reproduce labour power, the state and planners must encourage cost-effective ways to house people, as real estate is volatile and expensive. The reliance on private sector interests must be limited, decreased and diminished. As indicated by the City itself, the co-op housing sector could play a role in expanding affordable and community-managed non-profit housing. Important for our purposes, coops may also correspond to one of the “rank and file” forms of democracy for which Poulantzas himself (1980) advocated.

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