

**POLICIES AND PRAXIS: A COMPARATIVE ANALYSIS OF AFFORDABLE HOUSING IN  
TORONTO, CANADA AND LONDON, ENGLAND**

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## Abstract

Housing is a vehicle for access, in that it provides access to a range of services for communities and its material objectivity can extend to provide safety and security. Additionally, housing can be a fixed asset that contributes to owner wealth while playing a crucial role in the economic development of a country. Regardless of value, adequate housing is an essential component for well-being, and its absence threatens social cohesion and reduces the quality of life of individuals.

Access to adequate housing is threatened by the affordability gap, which is presently described as a housing affordability crisis with geographic dimensions, concentrated in particular regions and cities around the world. The crisis arises as housing prices outpace income increase, and as the ability to acquire or reside in housing is largely predicated on income, the inability to bear its expense expands the aforementioned gap.

Toronto and London are two cities where the difference between household incomes and house prices has reached critical proportions, marking the embarkation point of this research paper. This analysis is motivated by my belief that there is a counterintuitive chasm between housing policy and affordable housing delivery. This belief is substantiated by the reiteration of crisis designations and numerous policies, which have been enacted to counterbalance the low supply of affordable housing.

Policies are creatures of political will and are subject to ideological biases that impact their strength and enforceability. In this case, however, the mayors of Toronto and London have both recognized the necessity of state intervention to tackle the housing crisis and have enacted similar policy tools, dependent on development partnerships for their success.

These policies operate within the planning system and are the primary development vehicles for affordable housing units. Four policies are discussed in this paper, namely: (1) right-to-buy; (2) Section 106 in London; (3) Section 37 in Toronto; and (4) inclusionary zoning in conjunction with sections 3.11 H5, H6 of the London Plan.

The research process involved analyzing these policies and conducting interviews with development partners to better understand their practical implications and evaluate whether these policies can be deemed objectively adequate, or if they require reform in order to effectively deliver affordable housing.

This research paper also reflects on how neoliberal privatization has contributed to governmental disinvestment and market reliance for housing delivery. The historic trend of reduced state housing production has contributed to lucrative private housing markets that further socio-economic imbalances on local and global scales. The neoliberal approach to housing production and the recent upsurge of delivery centered housing policy, occurs in a market of minimal state production and increased private "for state" housing production which I have termed "delivery-by-policy".

This research paper concludes by determining that the delivery-by-policy approach is mostly inadequate, and that the affordability crisis will continue as a perennial problem if true reformatory action is not taken in both cities.

**Keywords:** Affordable housing, comparative studies, planning, S.106, S.37, Right-to - Buy, Inclusionary Zoning

## Foreword

The research and production of this paper fulfills the requirements for the MES degree with specific emphasis on planning. The interdisciplinary nature of the program is reproduced in the paper by engaging with issues of social justice and public policy. Three objectives were identified in my plan of study and research proposal for this degree. The objectives were:

- To understand, define and distinguish housing from its physical structure (building) to its intrinsic significance (a home, a community or a neighbourhood). This objective was achieved through literature review and course evolution.
- To gain understanding of contextual urban-regional factors in each city with the aim of establishing “conceptual equivalence”. This objective was achieved by traveling to England and interviewing policy makers and academics in London and Toronto.
- To learn techniques to assess, evaluate and analyze the impacts and potential outcomes of public policy. This objective was achieved through literature review, document analysis and interviews with housing advocates.

This research paper also contributes to the field of planning and supports my plan of study in four distinct ways:

- It provides a comparison of planning policies to inform decision making and establish best-practices;
- It also provides insight from key development partners about how they interact with policy (qualitatively, via interviews), which contributes to evidence-based planning and policy;
- The research offers recommendations on planning policy mechanisms to increase the supply of affordable housing; and
- The paper compares housing policies of Toronto to London, UK.

Finally, the research paper provides recommendations and rationale with the understanding that the research timeframe was constrained and could not facilitate an exhaustive understanding of constraining factors. Additionally, parties would need to determine the appropriateness of the recommendations based on their respective circumstances.

Key lessons, with elaboration provided in the recommendation section, are summarized below:

**Lesson 1:** Housing policy should enable diverse partner engagement and should provide flexible frameworks.

- Governments must develop in-house capacity and expertise to develop and manage partnerships.

- The Greater London Authority (GLA) and the City of Toronto must become a developer to truly accommodate those in greatest housing need.

**Lesson 2:** Affordable Housing challenges are longstanding and will require a mix of short and long-term policy solutions.

- Development approvals and policy must clearly support the post-contract portfolio management of a project.
- Policy must indicate affordability time-frame targeted and should heavily incentivize long-term affordable developments.

**Lesson 3:** Other policy and legacy doctrines can create unintended negative consequences.

- Policy design often contains elements of liability management and anti-discrimination (Toth, 1989), based on the likelihood of diverse user need, a policy user could interact with other policies in a manner that counteracts another policy's objective and impact a key partner such as:
- A housing provider may accommodate a resident who receives a variety of disability benefits that mitigate costs for the resident yet prevent the housing provider from recovering full costs associated providing the rental. Yet, the same does not apply for a private-market landlord based on other policies that protect private ownership rights.
- Policies must be continuously reformed and assessed for overlap and interaction to ensure long-term partner success.

## Acknowledgements

This space cannot adequately capture my expressions of gratitude to all my mentors, professors, family and friends. Additionally, I would be remiss if I did not thank my interviewees --both in London and Toronto. Thank you for your time and expertise, it is invaluable. I want to especially thank my supervisor Luisa Sotomayor; you have guided and supported my academic evolution in so many ways, thank you.

For those who have come before me and supported me in more ways than I can recall, I acknowledge you and immortalize you in this space.

Lastly, Maya Angelou writes: *"Your crown has been bought and paid for. Put it on your head and wear it."* So, to the greatest gift in my life, my daughter, Nadia Gugulethu King -- this masters is your throne, claim it.

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## List of Abbreviations

AMR	Average market rent
CMHC	Canada Mortgage and Housing Corporation
GLA	Greater London Authority
GTHA	Greater Toronto and Hamilton Area
LP	London Plan
LAR	London affordable rent
LLR	London living rent
LSO	London Shared Ownership
MHCLG	Ministry of Housing, Communities and Local Governments
MMAH	Ministry of Municipal Affairs and Housing
NHS	National Housing Strategy
NPPF	National Planning Policy Framework
OP	Official Plan
TCHC	Toronto Community Housing

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## 1. Introduction: Past the Tipping Point

According to Malcolm Gladwell (2002), a tipping point describes various small social actions that lead to a runaway process, causing significant transitions. Although the term is commonly applied in climate change discourse, I have co-opted the term because it appropriately describes the affordable housing context in Toronto and London, where the demand for affordable housing continues to grow to the crisis levels experienced today.

According to John Tory, Mayor of Toronto, "Canada is facing a serious housing *crisis*. Home prices are soaring out of reach in many cities. One in five renters spends more than half their income on housing and emergency shelter occupancy rates are pushing 90%" (Tory quoted in Tory and Iveson, 2018). In London, Mayor Sadiq Khan has also acknowledged that: "The housing *crisis* is a major factor in the high cost of living in the capital, as well as putting home ownership out of the reach of many young Londoners who fear they will never get a foot on the property ladder" (Khan quoted in Featherstone, 2017).

The crisis they highlight has been brewing for decades as Toronto and London have continued to experience rising populations and a series of historical policy decisions that have compounded the issue of housing unaffordability.

In England, for example, the Land Compensation Act (1961) is considered to have greatly impacted affordable housing (Bowie, 2010, p.12). The act affects compulsory purchase (eminent domain in North America) by ensuring that the state pays for the potential value of the land, not simply its current value. For instance, if the government was to acquire farmland that could possibly receive residential planning permission, then the state would have to pay the owner based on the residential price, not the farmland price. This makes it expensive for the state to acquire land for affordable housing construction.

Although the exportation of land is different in Canada, the federal government has historically introduced housing policy that similarly transformed the housing system. Notably, the 1996 federal budget plan transferred social housing administration from federal to provincial levels. This altered the funding landscape, leaving provinces and territories to manage and fund social housing in an untenable fiscal climate, characterised by additional budgetary cuts (Hulchanski, 2002, p.10).

The paper explores the topic by engaging with the different actors that engage with affordable housing, including the role of government, planners, policy and the housing market. The government establishes priority objectives and policy as a political function. While the planners

focus on coordinating the market framework with the government objectives and utilizing land use regulations, policies “enable” the market to implement government objectives. Planners ensure consistency with government objectives; however, the role of government is a central topic hence why policy (a government and planning tool) is the focus of the paper.

Consequently, this research analysis is neither intended as a general analysis of the housing system, nor is it a conceptual framing of housing affordability. Rather, the comparative analysis aims to highlight specific housing policies and their practical impact on increasing the supply of affordable housing. Although the analysis does not specifically focus on the underlying causes of lack of supply, they are discussed as factors, in tandem with long term affordability barriers. Furthermore, this research paper engages with governance and jurisdictional dynamics, in conjunction with the planning system. This establishes comparable equivalence in order to inform the practicality of the suggested recommendations.

The paper is structured into four main sections. The first section introduces planning systems, governmental roles and the socio-political dynamics that shape affordable housing. The second section discusses four selected policies and the development partnerships involved in affordable housing delivery. The third section presents two case studies with discussions about policy effects and preferred policy conditions as identified by partners. The final section compares the city of Toronto to London, determines the adequacy of the policies, in addition to drawing lessons and offering recommendations.

## **Research Methodology**

This paper seeks to understand the practical interactions of affordable housing partners with policy in Toronto and London. The praxis focal point is achieved by conducting research that is beyond empirical analysis and involved conducting interviews with development partners to understand their perspective and determine policy adequacy.

The research conducted involved traveling to London for two months and meeting with partners to understand contextual variances. While in London, I contacted 25 borough planning departments and only two borough authorities agreed to an interview. I also managed to interview key staff from the Greater London Authority, housing providers, think tanks, policy workers, academics, activists, a council housing contractor, and private developers.

In Toronto, I interviewed staff from the City of Toronto’s Affordable Housing Office, city planning, Toronto Community Housing (TCH), housing advocates, and private developers. Although

I was unable to interview multiple people from each sector, I obtained enough interviews to facilitate reasonable comparison and analysis.

The interviews were conducted between March and July 2018. During that time, both cities endured vital elections that yielded some unexpected results and affected the response rates to my interview request. Senior public-sector staff explained that the uncertain political environments increased their hesitation to be interviewed, as many were concerned about the repercussions of being involved in research that directly affects their roles. Additionally, the 2017 Grenfell Tower investigation was wrapping up and the increased public scrutiny added to interviewee hesitation.

The interviews were semi-structured and lasted approximately forty-five minutes to an hour. The structure chosen was to facilitate a more exploratory approach to the topic. The interviews were premised on a series of hypotheses that were developed through the research process. Interviews were initiated using a few prepared questions with the purpose of establishing comparative equivalence. The questions also included a review of their role in the housing sector, and their interactions with the identified policies in the context of the planning system.

In interpreting the results, interview notes were transcribed and organized into major themes based on the research question and hypotheses. In some cases, new and distinct categories were created, as these issues were not initially considered during the literature review process. The distinct categories included the complexity of layered policy and austerity impacts.

### *Comparative Rationale*

London and Toronto were selected because of their similarities in challenges and resolution exploration. Land-use planning is the mechanism for development in both London and Toronto; the singular origins of both planning systems and the similar governance structures increase the appeal of a comparative approach and facilitate a more manageable process of knowledge exchange. Although some of the Canadian planning practices differ from those in England, the systems are analogous in core functionality including approval processes (Whitehead, 2008; Huchanski 2002). The Canadian planning system is influenced by the UK and US planning systems and although this does create some differences, the differences are highlighted in the paper for the purpose of establishing conceptual uniformity.

The embarkation point of the research was based on the assumptions of an affordable housing crisis, and the dual goal of increasing affordable housing supply as articulated by both mayors.

## *Planning frameworks*

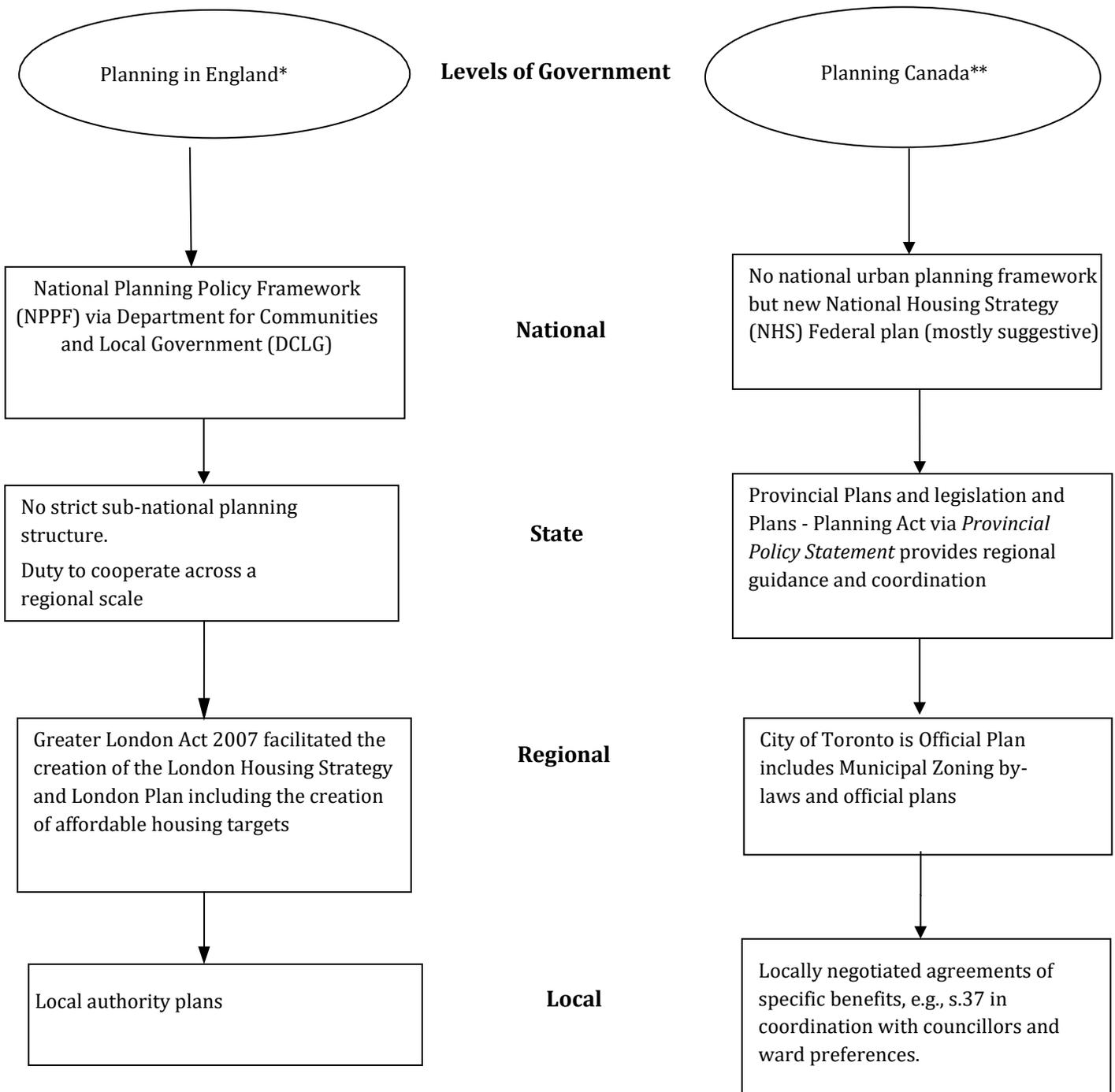
England and Canada share a common figure in the creation of our respective planning systems, Thomas Adams. Adams, an eminent planner from the United Kingdom, was a founding member of the British Town Planning Institute, the American City Planning Institute, as well as the founder of the Town Planning Institute of Canada in 1919 (The Star Editorial Board, 2018). Adams conducted several planning studies and was predominantly responsible for the similar planning ideologies between UK and Canada, mainly via his envisioned 'model planning legislation'.

Adams understood planning as an exercise linked to ideas of social reform. Like Humphrey Carver, he believed that planning should be conducted in a manner that ensures better communal living and a decent way of life for everyone, despite an individual's ability to pay (The Canadian Encyclopedia, 2018).

The planning system not only constrains the supply of a key factor of production, but also significantly distorts behaviour in the market (FTI Report for Shelter 2011). The constraints imposed by a planning system can, to a large extent, explain the high housing prices. These constraints affect the rules and guidelines that influence the level, location, and pattern of development activities in regions and across nations.

Planning is often accused of limiting land supply through greenbelt zones, however planning cannot be blamed for a lack of house building and is similarly not praised for the unpredicted construction in cities such as Toronto, which is regarded as a restrictive planning system by many developers (Daniels, TCH, Interview, 2018).

Depending on the governance structure, a municipality is tasked with creating a local plan and by-laws that allocates land use designations and spatial preferences aligned with local priorities, which then establish developmental rules. In London, the same premise is enabled and enacted through the borough system and the *Localism Act* (2011) which facilitates local planning. (See Figure 1 for an overall schedule of planning and legislation organized by governance hierarchy for Canada and England, down to the city and borough level).



**Figure 2: Planning system flow-chart for UK and Canada**

\* England is based on a local plan-led system of development. However, the Greater London Authority maintains city-wide (London) planning authority on specific sectors including housing (Ratcliffe, Interview, 2018)

\*\*Canada is based on zoning-led development system and Toronto utilizes zoning by-laws and an Official Plan which provides planning and guidance authority on housing (*Local Planning Appeal Tribunal, 2006*).

## *Planning in the UK*

In England, spatial planning is undertaken at the national level, but the planning system utilizes a more localized approach to ensure that planning decisions are appropriate to the affected locale. The governance structure separates ownership and development rights and the planning system enables or restricts the use of the land. Planning directionality is determined via a centralized governance structure, and the allocation of land and provision of affordable housing. This is enacted through the National Planning Policy Framework (NPPF) with borough targets determined by the Greater London Authority via the London Plan and local developments approved by local planners.

The National Planning Policy Framework was published by the UK's Department of Communities and Local Government in March 2012 and was created by consolidating over two dozen previously issued documents called Planning Policy Statements (PPS) and Planning Policy Guidance Notes (PPG) for use in England (Greater London Authority, 2018).

Through the authority provided by the NPPF, the GLA mandates that *half of the new homes built in London should be affordable*. According to the Greater London Authority (GLA), in order to support this long-term strategic target, the number of new affordable homes built in London should be significantly increased (Ratcliffe, Interview, 2018).

The GLA created a spatial development plan (The London Plan) which has statutory authority and demands local plan conformity. While the local approach is praised for locale-appropriate development, this devolution of daily planning circumvents the ubiquitous application of policies, and thus, requires regional oversight in the pursuit of citywide equity goals. Thankfully, the housing crisis has been identified as the Mayor's biggest priority (GLA, 2018), this strong mandate assists with city-wide conformity and facilitates cross-borough planning and opens additional streams of funding from the national government.

Affordable housing is an operational mandate of GLA, and the mayor's articulated commitments are reinforced by the policies and strategies that flow from the document. The terms *planning*, and *affordable housing*, are used extensively in government planning guidance and refers to policies that either:

- Use the development permission system as a means of encouraging developers to include lower-cost units within market housing schemes;
- Create a subsidy for housing development by granting development permission to "affordable housing" providers on sites that would not normally be released for housing, and which therefore have lower market value (Gallent, 2000).

The planning process is also enhanced by political alignment, because the Mayor hails from the Labour Party and most boroughs are Labour controlled, therefore, there is a relative amount of consensus on planning objectives due to a political framework that conceptually eases policy design and implementation. As indicated earlier, however, the Labour and Conservative parties are in general agreement about the prioritization of increasing affordable housing supply, but the methodology remains debatable, and the lack of alignment affects the strength of the policies produced.

### *Planning in Canada*

The Canadian planning system has origins in the British planning tradition with some hybrid influence from the United States planning tradition. Although Canada does not have a national planning urban policy, the nation recently introduced a National Housing Strategy which contains "suggested" targets that affect affordable housing supply.

The first British planning Act of 1909, and the Garden City ideals [by Ebenezer Howard] also influenced the Canadian planning system. Thomas Adams and Dr. Charles Hodgetts were integral to planning creation and success. The history of the Canadian planning system also exemplifies the strong history of international knowledge exchange with Dr. Hodgetts leading the International City Planning conference of 1914 that led to the recruitment of Adams in the same year. Adams contributed to the creation of planning law which provided the authority for planning provision by the state and ushered in zoning-by-law in 1925 (The Canadian Encyclopedia, 2018).

Currently, the federal government is attempting to transition to a restrictive policy environment that facilitates collaboration through legislation, including finance and draws on the same authority to ensure enforcement. Regional planning first appeared in the Toronto metropolitan region during the Second World War, as a direct outcome of wartime attitudes and circumstances.

Canada has a decentralized land use regulatory system, with national, provincial and municipal planning processes embedded. Planning in Toronto occurs under a provincial policy-led system as authorized by the *Planning Act* (1990). The planning Act creates a hierarchy of planning instruments [s.3(5),27,24], identifies matters of provincial interests and establishes the land use planning framework that is led by provincial policy.

The Planning Act and the Provincial Policy Statement (PPS) PPS work in conjunction with each other where the PPS provides a framework and the municipalities act as the primary implementer of the policy. In the case of Toronto, the city and municipality is a single tier

corporation which is granted power under the *Municipal Act* (2001) and has a strong municipal council that creates by-laws that facilitates daily planning.

The municipal council functions very similarly to the GLA and exercises executive, legislative, administrative and quasi-judicial powers and functions (Municipal Act, 2001. S.5). In similarity to the GLA, municipal council is an elected body that is comprised of a mayor, reeve/chair and members of council and the council meetings must be made public and in a public forum which creates accountability and transparency. Although the municipalities are not a constitutionally protected level of government. Their allocated powers facilitate planning activities including the creation, and management of affordable housing and some taxing capabilities.

Currently, the federal government is attempting to transition to a restrictive policy environment that facilitates collaboration through legislation, including finance and draws on the same authority to ensure enforcement.

## **2. Theoretical Discourses**

### ***Affordability***

The topic of affordability is as vast as it is subjective. A two-year historical journal search on affordability reveals that it is discussed in disciplines ranging across economics, social justice and various other disciplines that even consider historical segregation policies and their current impact on affordability (Tighe, Hatch and Mead, 2017). The importance of the definition of affordability cannot be overstated because it provides the foundational basis for typologies and regulation parameters. Affordability is commonly calculated based on an income-to-rent ratio or the living cost associated with a region.

Affordability is foundationally linked with an individual's ability to pay for a good that has been set at a price (Hulchanski, 1995). Deductively, therefore, affordability would engage and affect only two parties: the buyer and the seller. However, in the context of housing, this is not the case.

As Hulchanski propounds, there are several actors who affect affordability, whose influence requires a multifaceted engagement approach, which centers three main questions on affordability (Stone, 2006): Affordable for whom? On what standard of affordability? And for how long?

Some policies entirely address specific income brackets while excluding entire demographics, which often results in under provision for specific groups who are already vulnerable and unserved by the development market.

The private development market has their concepts of affordability based on their targeted clientele, and legislated definitions of these terms are often piecemeal and do not consider the full cycle of affordability and the nature of affordable housing from their perspective (Daniels, Interview, 2018). According to the 2016 Building Industry and Land Development Association (BILD) report, many private developer partners consider affordable housing as housing units built at the lower end of market prices or rents and thus requiring a full suite of policy response from the governments for financing and maintenance.

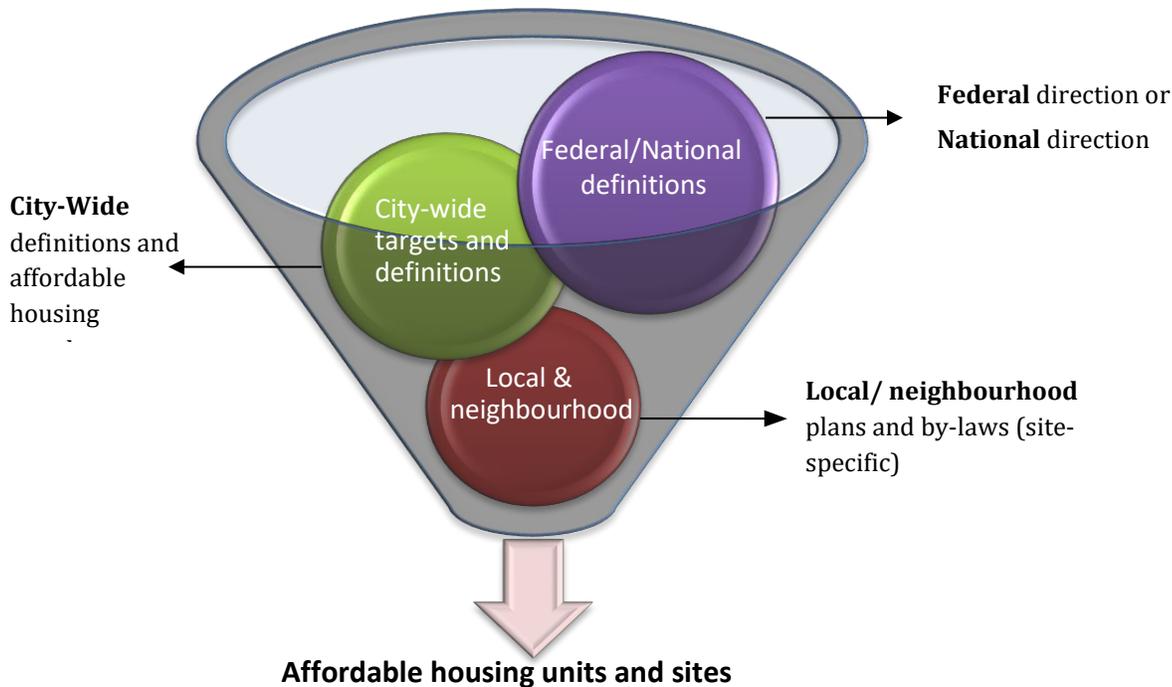
In regard to affordability finishes, some [luxury] developers also expressed that affordable housing units are typically smaller, have fewer amenities, and have a higher density than the bulk of new "non-affordable" housing units comparatively (Morgan, Interview, 2018). Most developers, therefore, engage with affordability more comprehensively and initial policy clarity and uniformity is integral to mitigating straight contests later.

Conversely, there are economic perspectives that dispute the importance of affordability and argue that unaffordability is not necessarily problematic based on a spatial equilibrium perspective that assumes choice. This concept argues that people have an innate choice to locate and unaffordability in a local market is a positive signifier of higher amenity qualities and economic strength (Gibbons, Overman and Resende, 2011). It is important to engage with this topic because spatial equilibrium is widely applied to urban economics and is further exercised in the economic policy development of real estate. Economic theory is better and will act as a weaving thread that underpins this research.

Lastly, the extension of multiple affordability definitions has a knock-on effect on affordable housing production and quantity is impacted as a result: Figure 2-2 below illustrates affordability determinations and displays how a partner and local authority interacts with the multitude of definitions to produce a single unit.

Figure 2 illustrates the relationship between affordability definitions and final affordable unit output. In Toronto and London, higher levels of government provide an outline of a definition and the cities expand on the outline with a bevy of definitions and policies that provide specifications about housing typology, ownership options and targeted.

**Figure 2: Relationships between affordable housing programs (per level of governments)**



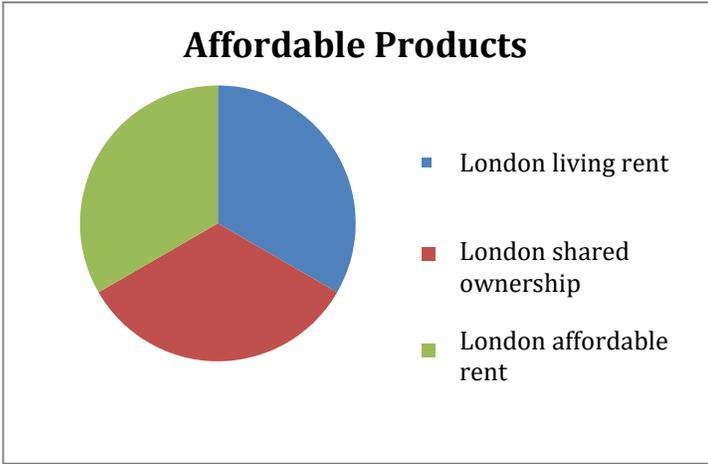
The understanding of governmental interactions about affordable housing is explored in greater detail in the planning system section. However, this section is a valuable foundation about the elementary complexities harness confounding potential which impacts the result.

The London Plan is similar to the City of Toronto Plan in that both documents outline spatial development goals and strategies for each respective city. London, however, has a more extensive range of affordability types and the local councils must conform to additional directionality from the Mayor's strategies. According to Policy 3.10 in the London Plan, affordable housing is social rented, affordable rented and intermediate housing (see para 3.61), provided to eligible households whose needs are not met by the market. Eligibility is determined *concerning* local incomes and local house prices. Affordable housing should include provisions to remain at an affordable price for future eligible households or for the subsidy to be recycled for alternative affordable housing provision (GLA, 2017). The definition does not provide a threshold for each typology/category, but it instead highlights typology and tenure differences as recognized in the National Planning Policy Framework (NPPF). Furthermore, the London Plan highlights sub-categories that relate to affordable housing which equally demands conformity with local plans.

The two key categories in affordable housing discussions are affordable housing for sale and affordable housing for rent. This includes sub-tenures that are encapsulated in the plan with borough-wide application.

<b>Affordable housing for sale</b>	<b>Affordable housing for rent</b>
Starter Homes	Affordable rented
Discounted Market Sales	Social rented
Intermediate	Intermediate
	Affordable Private

**Table 1: Affordable housing categories in London (GLA, 2017)**



**Figure 3: Affordable Products (London Plan) (GLA, 2018)**

In the sale category, the London Plan (2016) also outlines specific affordable housing targets under policy 3.11 which the City of Toronto Plan does not do. The London Plan also sets out other parameters in line with GLA targets (see Figure 3).

Planners, developers, and housing providers expressed frustration over the number of terms that act as catchment tools regarding housing provision (Odunoye, Planner, Morgan, Interview, 2018). Furthermore, the over breadth of terminology implicitly demands engagement

where borough planners are tasked with formulating bespoke strategic plans to deliver to the groups and sub-groups. This is particularly challenging in London where councils have lost the capacity to build, leaving them to rely on planning permissions and enforcement to achieve mixed tenure goals.

### *Affordable housing in Toronto*

The Canada Mortgage and Housing Corporation's (2018) website provides a commonly used definition for affordable housing: "to be affordable, a household should not spend more than 30 percent of their gross income on shelter costs." Municipalities must be consistent with the Provincial Policy Statement (PPS) in their land use planning and development decisions and as such this forms the definition criterion used by the City of Toronto. Section 1.4.3 of the PPS declares that planning authorities shall provide an appropriate range and mix of housing types as well as establish and implement minimum targets for the provision of affordable housing (Provincial Policy Statement, 2014, p.14).

Section 3 of the Planning Act includes the affordable rental rate in relation to market rates. According to the City of Toronto Official Plan, Section 3.25, "affordable rental housing is housing where the total monthly shelter cost is at or below one times the average market rent in the City of Toronto [and] affordable ownership housing means housing units with a sale price at or below the average resale price of a home" (Official Plan, 2015 p. 21).

Toronto Community Housing (TCH) (Canada's largest housing provider) also has different affordability terms that they utilize to determine the affordability of their units. According to the TCH (2018) website:

- Rent-geared-to-income subsidized housing where the rent is based directly on the tenant's income, usually 30 percent of the gross monthly household income;
- Market rent - where rent is the same or slightly lower than rents charged by private landlords in the area;
- Affordable rent is set at or below average market rent. To qualify, an applicant's household annual gross income cannot be more than four times the annual rent of the unit being applied for.

Their income-to-rent ratio is highly debated, and there is extensive literature that shows

that while this ratio understanding is flawed, it is adequate and has provided the data that shows the challenges of affordable housing. Belsky and Drew (2008, p. 24) propose that the affordable housing ratio does an "adequate job of measuring the magnitude of the problem and tracking changes in them over time and among subgroups".

Popular debates about the crisis in affordable housing discuss the crisis symptomatically, i.e., "we know there is housing crisis because of: increased homelessness, longer waitlists for housing, devolution of housing, affordability crunch (stagnant wages, housing prices) and the commoditization of housing to name a few" (Gaddon, Interview, 2018). It is important to engage with these issues to determine causality and/or correlation as that would affect the amount of supply required, the type required and the duration of affordability. The next section briefly discusses the symptoms as mentioned above and engages with the terms and comments about the relationship with affordable housing and including the timeframe of affordable housing required.

### *Homelessness*

Homelessness is described as the situation of an individual or family without stable, permanent, appropriate housing, or the immediate prospect, means and the ability of acquiring it (Canadian Observatory on Homelessness 2018). This is a mutually agreed definition that is used by GLA and City of Toronto's Affordable Housing Office (Havernann, Interview 2018). A recent study estimated that one in 50 Londoners is now homeless including those living in temporary accommodation and single people in hostels. In 2017 homeless numbers increased by 15% compared to the 2016 statistic (Ministry of Housing and Local Government, 2018). In Toronto, shelter use has been increasing from 2,835 singles used in 2011, to 2,917 in 2012, and to 2,975 in 2013. Toronto Public Health reports that 100 homeless people died in Toronto in 2017 (City of Toronto, 2018).

While it is possible that affordability is a driver of homelessness, some interviewees argue that the increase can be argued as a failure of larger social structures such as a public health/opioid crisis (Planner, interview, 2018) which directly affect housing secure.

Another key symptom of an affordability crisis is a growing waitlist for social housing. This is because people turn to the state to accommodate them when the marketplace cannot do so reasonably. According to the City of Toronto more than 97,000 households and more than 177,000 people are waiting for housing (City of Toronto, 2018). For a one-bedroom unit, households must wait an average of nine years and the average wait for a three-bedroom unit is seven- and-a-half years. For priority categories, the wait for subsidized housing can be more than 10 years (Housing

Connections, 2018).

In London, each borough maintains their own housing waitlist which uses a points system to determine priority on their respective lists (GOV, 2018), however the central government waitlist reporting table shows that there are over 243,668 households waiting for council housing across all London boroughs and over 1,155,285 households waiting across England (GOV, Table 600, 2018).

Insecure tendencies, rising rents, benefit cuts (Butler, 2016) income stagnation and inadequate policy have all resulted in shortages of affordable housing in many parts of England, and particularly in London. The centralization and devolutionary practices in each country not only impact housing, but the process also holds constitutional impact which affects the power of each city.

### *Governance*

The governance structure provides clarity about authority and the role of planning and policy enforcement. Jessop (1997a) has highlighted that governance as a term, broadly encapsulates the belief that there has been an increased dispersal of governing activities away from state actors to non-state actors, particularly private sector actors (Newman and Thornley, 1996) and civil society bodies, although within practices of governing the state has not withered away (Wacquant, 2012). The practice of governance emerges in many forms, one of which is local-level planning, the primary concern of this research.

Debates about centralization and decentralization in governance often discuss the equity-efficiency trade-off, which relevantly applies to the planning approaches that have been taken by each city in their decision to centralize or decentralize housing delivery. The recommendation section elaborates on this point, however, authors such as Zachary D. Liscow (2017) theorise that there is in fact efficiency in equity, thus, adding to existing literature that proves the efficiencies produced in pursuit of equity, and debunks the zero-sum nature of the trade-off (Le Grand, 1990; Yunker, 1991).

### *Perspectives*

Planning, by its very nature intersects with other sectors and disciplines, namely, public policy, economic theory, neoliberal policy and housing markets. This research would be skewed if the dynamic interplay of these fields were not discussed in tandem with planning, because they underpin the complexity that dominates affordable housing creation.

The market economy and its activities have a transformative effect on housing and can sustain its commoditization in comparison to a socialist market, for example. In a market economy the supply and demand of goods and services organizes activity in mostly uncoordinated exchanges which shapes the direction of economic activity (Investopedia, 2018). In the absence of a rebalancing mechanism however, the market economy can generate high housing costs which leads to reductions in labour market mobility.

Economics and market theory commonly pursue maximization and cornerstone of maximization is a notion of an economic equity-efficiency trade-off. This theory assumes that any pursuit of equity is at the expense of efficiency, which has substantial impact on public policy. In the case of housing policy, the assumption is that housing policy that champions ubiquity would impact the rate at which development would occur, as an example.

However, the economic equity-efficiency trade-off argument can be challenged on the basis that *inequity* creates inefficiencies. Inequity can often result in increased (long-term) government subsidies and greater demand on welfare nets which affects the system as a whole and circumvents any possible efficiencies that tend to be short term.

In addition, the role of the state is predicated on redistributive justice and utilitarian ideals. In the case of affordable housing, therefore, the inability for the majority of low- and medium-income persons to buy or rent in Toronto and London necessitates state intervention. The state's ability to remedy the issue could result in less governmental expenditure, and other positive externalities (e.g., reduced crime or less policing) which would increase efficiency.

Neoliberalism is ideology has inarguably had the most significant impact on affordable housing. Neoliberal governmentality refers to how various forms of neoliberal rationality are mobilized by and through the state, involving a range of governmental technologies' (Haughton et al. 2013, p.220). According to Mendinger and Haughton (2013), key neoliberal rationalities of governing include market-based, economic-growth-based and technocratic rationalities of governing, including increased private sector roles, which usually operate at the expense of the public sector.

A neoliberal policy enacted by the government would create a market that caters to private actors, because in doing so the government would mitigate costs. However, this creates commodity designations, among further impediments. An example of this is the right-to-buy policy, (discussed further), because it attributes a high value to a product that had more social value and facilitated its trading on the capitalist market.

## *Housing and Dual Markets*

This section discusses housing markets because the *market* and its activities create the environment that allocates value to housing and can explain some developer preferences of market freedom as opposed to a more responsive regulatory framework.

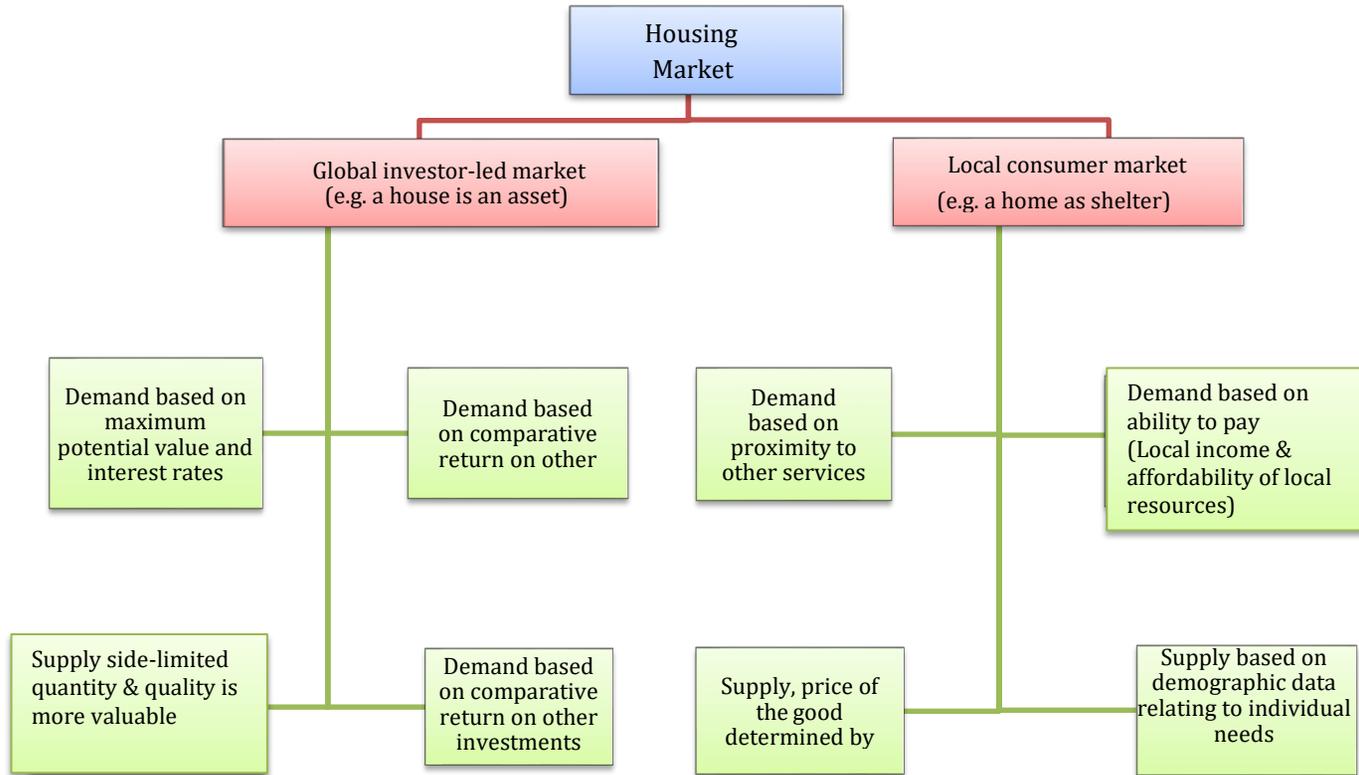
Teresa May has popularly discussed the 'broken [housing] market', but this is nothing more than hyperbole about a singular (real-estate) market that does not exist. Economic theory discusses market equilibrium which seems to align with the rhetoric of a so-called broken market, but this only applies to supply and demand interactions in a single market with mitigated government interaction and assumptions about the singularity of market producers. Simply, equilibrium can only be achieved if market producers like residential developers remain so without crossover and different market actors do not transform abilities (e.g. community land trusts and real estate investment trusts (REITS) do not become developers).

However, the theory is not without application because equilibrium suggests a maximum total profit for the market based on market tolerance, but external factors make the threshold mobile. To extrapolate this further, it is necessary to explore the duality of housing based on universal supply vs. demand dynamics. The relationship chart below (Figure 4) illustrates the dual nature and multiple points of an impasse without intersection.

In dual markets growing global wealth has effectively created mobile investment abilities that attach value to a stationary good. This is very clear in thriving markets such as Toronto and London that can withstand financial crisis due to the diversity of investors. Many investors bank on market dislocations where baring true catastrophe would invest for value extraction in broken/slowing housing markets. These environments require counterbalancing mechanisms that need to be exercised via governmental interventions such as public policy.

The invention and proliferation of REITs exemplify the challenge with leaving the market to self-regulate in a global environment. This is because a thriving economy creates an appealing investment environment, where a local consumer reliant on local salary would will find that themselves competing in a market that is largely unaffordable yet trading in goods that are integral to their lives. In this case, the housing market is only a housing market in name, when, it is an investment market.

**Figure 4: Presentation of the dual housing market dynamic**



### 3. Policy and Partnerships

Partnerships have been widely and successfully used to deliver a variety of infrastructure services within different contexts. Despite public sector alacrity surrounding partnership and notably public-private partnerships (PPP), the enabling environment of partnership engagement does not necessarily lead to successful projects. However, even in failure, partnerships facilitate a risk-mitigating structure that adds some palatability to unsuccessful ventures.

<b>Benefits</b>	<b>Risks</b>
Increased efficiency	Insufficient expertise may result in poor negotiation, contract and policy drafting.
Innovation and quality	Inadequate quality based on use i.e., number of users and ability to maintain
Ability to hedge financial risks (value for money)	Project failure (e.g., due to weak revenue forecasting)
Risk management (across full risk matrix)	Loss of assets based on negotiated ownership rights

**Table 2: Public sector perspective on partnerships agreements**

<b>Benefits of Partnerships</b>	<b>Risk of Partnerships</b>
Predetermined state support that should translate to community buy-in	Public opposition
Risk mitigation	Market changes: specific to interest and financing rates change in-terms of borrowing.
Improved public service delivery	Political uncertainty: including higher level governance issues, e.g., premier change in Ontario and Brexit in the UK.
Possible technical expediences: in planning	Financial and other feasibility disagreements

**Table 3: Private sector perspective on partnership agreements**

## ***Housing Policies***

Policy can be a means of achieving an economic objective such as reinvigorating an economic market. However, housing policy can be subsidiary to economic policy, and the policies below are no different.

### *Section 106 of Town and Country Planning Act [1990] (S.106) and (CIL) Community Investment Levy*

According to the Office of the Deputy Prime Minister (2005), S.106 constitutes a government's efforts at "creating mixed and inclusive communities." S.106 is a legal agreement between a local authority and a developer, based on the impact of the proposed benefit on the community and the agreement is a pre-agreed method to mitigate the impacts. S.106 agreements can be used to secure affordable housing and is a valuable supply tool that can be used by local authorities to increase affordable units. S.106 is not exclusively indented to produce affordable housing, although it is widely regarded as the primary tool and is often used by local authorities. Local planning authorities (LPAs) have had powers to require contributions from developers both in the form of affordable housing and through financial contributions, as well as other contributions in kind such as land.

The obligations are based on a negotiation process between the developer of the land and the planning authority. Every development does not automatically trigger an S.106 agreement; instead, there are policy and legal tests for the evocation of s106 agreements, these are found in the NPPF (2012) s203, s204, and the CIL (2010). reg. 122 and 123 must be considered in relation to the local development plan in conjunction with viability assessments. The legal tests for S.106 consideration is:

- a. necessary to make the development acceptable in planning terms
- b. directly related to the development; and
- c. fairly and reasonably related in scale and kind to the development

Research to date has shown that S.106 has been quite successful at delivering affordable housing, though what is secured varies by local planning authority (LPA) and the downturn has put pressure on the ability to secure affordable housing.

S.106 is discussed in conjunction with CIL because both represent funding contributions for infrastructure developments. However, CIL contributions cannot be used for the development of affordable units. S.106 requires developers to contribute towards site-specific infrastructure and provision of affordable housing (Burgess and Morrison, 2013).

CIL is a planning charge or development levy that enables local authorities to raise funds from developers undertaking new building projects in their area (Department for Communities and Local Government, 2011). CIL is not charged on affordable housing development and therefore cannot be used to fund affordable housing.

S. 106 agreements are put in place to make it possible to approve a planning proposal that *might not otherwise* be acceptable in planning terms. For example, a section 106 agreement might require a developer to fund improving the access road to a site, to ensure that access will be safe once the development is completed. Alternatively, to ensure that the need for affordable housing is met and that communities are mixed and diverse, section 106 agreements can require a developer to include a certain proportion of affordable housing on an otherwise market housing development. They are specific to the site that is proposed for development.

CIL therefore directly affects the delivery of affordable housing. Intuitively, developers are less likely to undertake projects that are unacceptable in planning terms to minimize unnecessary costs. Private developers explain that they are less likely to pursue ambitious projects that may create further delays or incur additional charges since CIL is mandatory on residential builds (Morgan, Interview, 2018).

The other challenge with s.106 is quantity versus quality and the impact on mixed communities. Interviews with planning authorities revealed that pressures to deliver units might result in off-site compromises integration. Therefore, in boroughs with longer wait-lists, the planners may accept off-site build because developers can offer larger unit numbers in alternate locations based on viability negotiations (Havernaan and Odunoye, Interview 2018).

This common practice results in more units being constructed overall, but the offsite community created is mainly social housing residents. In response, the GLA points to their power and ability to call in schemes where they disagree with the borough planning decision and on larger strategic sites (Ratcliffe, Interview, 2018). Additionally, the borough planner must consult the GLA planning team on many development applications which provides an opportunity for broader negotiations.

However, that this is not the case on all applications, just a portion, so although the planning system is decentralized. The GLA has an annual returns process that ensures that borough is fulfilling their targets. If they are not, the GLA has the power via a special measures scheme to take over borough planning (Odunoye, Interview, 2018). Although this seldom

occurs, the existence of the system indicates a centralized planning process that is complex and arduous.

### *Section 37 of the Ontario Planning Act (1990)*

Section 37 is a portion of the Ontario Planning Act that municipalities across the province can utilize to extract benefits from developments via a quid pro quo basis. Through this policy, municipalities authorize a development to exceed existing height and density zoning regulations. City councillors and planners negotiate the terms and specific benefits to be extracted. These benefits vary extensively, and the by-product differs as stipulated on development by development basis.

S.37 is enacted through a negotiation process where resolutions are as unique as the project itself. Developers and activists have loudly commented on the inconsistent nature of S.37 agreements, and despite recently introduced accountability measures, historical funds accrued have primarily remained unaccounted for, and annual financial statements on collection and disbursement of section 37 funds are hard to follow and complicated.

Both s.106 and s.37 perform identical functions in their respective contexts, insofar as they are permissive regulations that facilitate development in exchange for some benefit.

### *Inclusionary Zoning and London Plan H5 and H6*

The English and Canadian planning system share origins and the Canadian planning system shows signs of British and American influence, through zoning practices. Interestingly, despite the absence of a zoning system in Britain, London has adopted a bespoke type of zoning program through the institution of policy H5 and H6 of the London Plan.

Inclusionary zoning refers to a broad range of programs that require developers to provide affordable units as part of residential development (Social Planning Toronto, 2018). Based on this definition, the London plan, policy H5 refers to delivering affordable housing as a strategic target, and the related H6 policy clarifies the threshold approach to applications. H5 articulates that the strategic target is for 50 percent of all new homes delivered across London to be affordable. Specific measures to achieve this aim include:

- requiring residential and mixed-use developments to provide affordable housing through the threshold approach (Policy H6 threshold approach to applications);
- using a grant to increase affordable housing delivery beyond the level that would otherwise be provided;

- affordable housing providers with agreements with the Mayor delivering at least 50 percent affordable housing across their portfolio;
- public sector land delivering at least 50 percent affordable housing across its portfolio; and
- strategic partners in agreement with the Mayor aiming to deliver at least 60 percent affordable housing across their portfolio.

According to the Greater London Authority (2017), policy H6 clarifies:

- The threshold approach applies to development proposals which can deliver more than ten units, or which have a combined floor space greater than 1,000 sqm;
- The threshold level of affordable housing is initially set at:
  - a. a minimum of 35 percent
  - b. 50 percent for public sector land
  - c. 50 percent for strategic industrial locations, locally significant industrial sites and other industrial sites deemed appropriate to release for other uses (see Policy E7 Intensification, co-location and substitution of land for industry, logistics, and services to support London's economic function).

Therefore, if the development has 2 units or more, 35 to 50% of the units *on-site* should be affordable, pan-London. This criterion qualifies the policy as inclusionary zoning and can be compared and discussed with traditional inclusionary zoning programs as termed in North America. In the case of Toronto, inclusionary zoning legislation was introduced by the province in December 2016, which gives municipalities the authority to adopt inclusionary zoning as part of the Toronto Official plan which would constitute the only city-wide policy or plan directly and solely targeted to increase the supply of affordable housing.

Policies H5 and H6 are part of the Mayor's affordable housing guidance and are relatively new. In the case of Toronto, Bill 7 that outlines the creation for inclusionary zoning is under debate; thus, the paper will utilize some US information on the topic, due to the longstanding history of inclusionary zoning. Reports estimate that there are over 500 inclusionary zoning programs in the United States and different jurisdictions have been utilizing these programs since the 1970's (Social Planning Toronto, 2018). Some of the lessons from the United States are applied to this section because of the significant evidence

base formed by years of inclusionary zoning policies across the country.

The literature identifies some key components that result in successful inclusionary zoning programs. These include clear and consistent definitions of affordability, threshold approaches to affordability and duration of affordability (Social Planning Toronto, 2018). Best practices include setting realistic targets that are area-specific and incentivizing or compensating where appropriate, for example for projects that target meager income. Sturevant (2016) and Williams et al. (2016) also highlight that inclusionary zoning program success is dependent on a housing market with active development and most affordability targets are between 10 to 20%. However, there is no optimal target percentage.

Interviewed partners in both London and Toronto unanimously agreed that inclusionary zoning programs are necessary. The divergence points, however, were based on the effects on the housing market and practicality and financial viability and material considerations. Interviewed private developers all agreed that targets around 20% were high and in London they discussed the compounding effects of H5, H6 and s.106 and CIL. Developers expressed how different materials had to utilize in affordable units and explained that affordable tenants would not have access to certain amenities that market residents have in these inclusionary zoning and s.106 units.

Construction and building experts are confident that the ability to use different materials often results in inferior materials that disintegrate quicker and require regular maintenance (Gyimah, Interview, 2016). Conversely, the developers assert that ideal finishes and materials cannot always apply, because this impacts the financial viability of the entire project (Morgan, Interview, 2018). Some council planners support the use of different materials based on the needs and general demographic of those who rely on social housing. In their argument, the planners explain that social housing users are typically larger families with a few children and luxury unit buyers typically have a different typology. In one example, a planner recalled a housing development where the builder had a personal affinity for wealth and resources redistribution and used identical finishes in the affordable units, the planner alleges that the affordable units disintegrated faster because the materials were not designed for high traffic and intense use and, as such, were not appropriate.

Revitalization partners in Toronto echoed that material and finishes must be the same. However, revitalization schemes are different from inclusionary zoning housings scheme in nearly every way, and it would be difficult to imagine a practical application of this in a city with considerable condo minimum development.

While some have estimated the relationship between inclusionary policies and the stock of affordable housing, few studies have tried to examine whether the presence of an inclusionary program influences affordability in the low-cost housing market. One exception is a study of inclusionary housing policies in across California by Knaap, Bento, and Lowe (2008). The authors break out their estimates of price effects by segment, finding that these policies raise prices by about 5 percent for above-median priced houses, but for below-median price households, they lower prices by about 0.8 percent and are highly contextual.

In the case of London and Toronto, London has impressively created a policy that delivers affordable housing even though the threshold is high, based on legal contestation. The policy has successfully delivered units. The success of the policy lies in its affordability designations, the timeframe for affordability and bespoke funding and partnering ability. The policy is supported by the Affordable Housing and Viability Supplementary Planning Guidance which outlines London Living Rent, London Affordable Rent and London Shared Ownership is aimed at different levels of affordability and are based on low, medium and higher income brackets.

In Toronto, however, the terms of Bill 7 provided by the province are entirely inadequate, and the policy proposed constrains the city's ability to address the crisis through this policy adequately. Some key constraints of the Bill are that inclusionary zoning, in that case, is not applied to renter-ship and secondly, units remain affordable for no more than 30 years, only applies to condominium registered developments, and has a capping threshold of 10% (City of Toronto, 2018).

In some contexts, inclusionary zoning has expertly produced affordable housing units. In others, it has been much less effective. The effectiveness of any inclusionary zoning policy depends on a jurisdiction's specific housing market structure and conditions, regulatory context and the design of the policy itself. Toronto has been requesting for inclusionary zoning authority from the province for the last 20 years (City of Toronto, 2018) and although the policy is deficient, it is the only concentrated step taken by the provincial government and presents a possibility for engagement both as a policy and with the upper government. In London, the legal challenges, viability challenges, and private developer feedback indicate an understanding of the permanence of the policies, but the threshold and rationale remain contested.

### *Right-to-Buy (RTB)*

Policies mostly deal with adding to the supply of housing and the right-to-buy program attempts to do the same while alleviating capital repair issues with increasing ownership options for those who would regularly be priced out of the market. According to the Barker (2003) report, the leading source for low-cost home ownership in the United Kingdom after 1980 was via the (RTB) policy. The over 30-year-old right-to-buy policy was a Thatcher conservative legacy, that appealed to widespread home ownership goals while increasing federal revenue, with the adage of positive popularity for an unpopular conservative government.

Right-to-buy differs from rent-to-buy although both relate to home ownership via affordability incentives. Right-to-buy comprehensively affected affordable housing in terms of asset quantity and directly and negatively affected active and future partnerships in the supply of affordable housing. At the time of adoption and 'introduction', right-to buy was not directly related to affordable housing but instead the idealism experienced by those who occupied social housing (Evans, 2004). Rugg (1999) and Evans (2004) discuss the rampant crime and poverty across the UK at the time the policy was created and the need for a policy the addressed social illness while creating economic prosperity and in rejection the Keynes notion of social justice.

By enacting this policy, Thatcher singularly created an acute shortage in a market of moderate insufficiency. Firstly, the policy did not merely apply to houses (despite marketing) and instead applied across multiple housing types (e.g. flats, townhomes, houses and anything in-between). Right-to-buy allowed council tenants to buy their council homes provided they have resided in the home for a determined amount of time. This practice had occurred historically in British planning, although not at the same scale and in different market contexts. The reason right-to-buy could occur was partly based on the extensive social housing stock that had accumulated from due to historic state purchase schemes of homes rendered derelict by private landlord neglect.

### *Case Studies*

Although partnerships are desirable, they can be complicated and tedious to establish and achieve, and the Women's Religious Project (WRP) Neighbourhood Housing project on Hainford Street is an example of that. The partners involved included WRP (a partnership of 40 women), the City of Toronto -Let's Build program, Habitat for Humanity; Daniels Corporation and TCHC. The project

was situated on vacant, tree-covered land, just south of Lawrence Avenue and east of Manse Road on 4.98 acres of tree covered land informally known as the Wood Green Ravine.

The WRP Neighbourhood Housing was formed in 2000 as a Millennium Project by 40 Catholic Women Religious Congregations to create affordable ownership homes on a site in east Scarborough planned for the construction of mixed tenure affordable homes for ownership. Although the land had no previous use, it was covered with mature trees and the existing community used the lot as an informal easement, small- scale community garden, and miscellaneous communal usage. Some residents even indicated that they viewed the lot like a shared extension of their yards. WRP fundraised and accumulated 2 million dollars (WRP, 2015) solely dedicated to this project, through the development and assistance of different partners the project took over ten years to complete at resulted in a total of 60 housing units with 54 units being affordable and 6 sold as market value units.

This one-time partnership formed by 40 women religious congregations in the Roman Catholic Archdiocese of Toronto, under the Catholic Jubilee Initiative was a not-for-profit project-based charity. The WRP conceived the project and gathered the money via philanthropic efforts. WRP was also responsible for gathering other partners and would foresee the project from conception to completion. The role of WRP was expansive, and they also mitigated costs for partners where possible including labour assistance to Habitat for Humanity as needed.

The City of Toronto was asked and agreed to forgo land value revenue and to provide exemptions from development-related fees and charges. By working through a sole source arrangement with the Let's Build program in Shelter, Housing and Support, WRP would partner with the municipality resulting in the land, fee reduction expertise assistance for the public consultation and community buy-in from a municipal partnership which achieving municipal goals.

The Daniels Corporation role was as an advisor and builder for the project. The Corporation utilized their expertise to navigate the planning approval process and the development, marketing and sale of the market and non-market housing. The corporation also worked closely with Habitat for Humanity, and their involvement was necessary to mitigate costs associated with the housing development. During the project and proposals to the City, WRP indicated that the City's Social Housing waiting list would be used for selecting those eligible families with a sufficient household income, to qualify for the lending criteria to facilitate the purchase of a home.

The project took over 10 years to complete and proved to be surprisingly contentious.

It involved four years of disagreements between residents and city officials, and the compromise was 60 housing units instead of the intended 118 units indicated on Habitat's construction plans which were arguably based on a more substantial portion of land.

Some registered opposition included the loss of green space and the loss of natural air filtration, exacerbated by industry in the area. Also noted was public hesitation to accept new communal residents for unclear reasons (Pak, 2008). Additionally, there were political and planning challenges and the policy context of the project presented its challenges. The private tree by-law required the identification of unique protected trees while some further seventy-plus conditions needed to be met before planning approval. Registration of the final subdivision plan and the Housing Services Act (2011), with which service managers are legally mandated to comply, determined the number of individuals that could qualify for the units.

While borrowing costs were augmented by initial philanthropic investment, delays and onerous approval process (despite city support) is indicative of the challenges of affordable housing production even in project-based partnerships which typically have smaller public-sector roles that reduce the need for public subsidies. Ultimately, the partnerships resulted in a viable project of 54 affordable homes for ownership, which communally benefits those on the waitlists, albeit at a sluggish pace, as normal waitlist accommodation timeframes can span over 8 years. Conclusively, although the project resulted in the increased supply of affordable housing, this case speaks more to the benefits of effective partnerships in housing strategy, and less to that significant rates of housing generation.

### Music Box in London

The Music Box was the former recording studio in Union-street. The site is unique because it was an infill, car-free project, located in central London. The project started in 2014 and was completed in 2017 by Taylor Wimpey London (central London).

The prices of the units are indicative of the general affordability of the area.

Penthouse units in the music box started at approximately £2,000,000 (Taylor Wimpey Central London, 2018), all units are leasehold, which is generally the case in London. There was a total of 55 new homes constructed, of which 14 were affordable and 41 were private homes for sale.

The partnership was between Taylor Wimpey, London College of Contemporary Music (headquarters) and Wandle Housing Association. The housing association purchased all 14 affordable homes, of which 7 were affordable rent and 7 were shared ownership

properties. The quality of finishes and amenity access was different for affordable units, private units and College space.

Although the building achieved the 25% affordable housing target, the project was not very successful, and the margins have been low due to a rise in building cost during planning approvals. Currently, there are still several units for sale which impacts the overall project profitability.



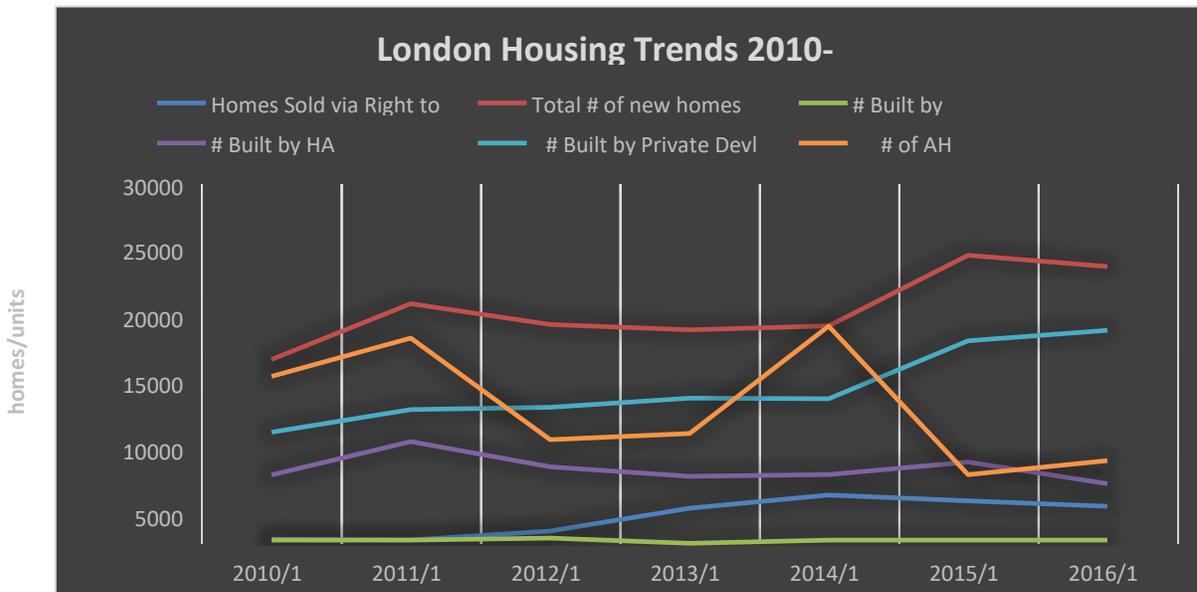
*Pictures of music box and other council housing adjacent to the development.*

### *Partner Perspectives*

This research paper highlights the interaction of practicality, the aim of which is to understand practicality from partners, how they engage with policy and what challenges they face in engaging governmental policy. In this quest, I was able to interview housing providers,

developers, policy-makers academics and think-tank employees. Due to the extensive reporting and analysis gathering by the DLG, a chart has been created to display how the factors that have affected affordable housing supply across London.

**Figure 5: London housing trends 2010-2017**



\*Produced using data from DCLG Live tables for London  
(information is based on all reporting boroughs across London)

The following section describes the consensus from each partner type identified above. However, the information provided by interview participants does not represent the opinions of their respective employers, organizations nor governmental perspective where applicable.

*Local Authority and Municipal Government*

Local authorities and municipal governments orchestrate the site-specific planning decisions that facilitate affordable housing production. According to the LA’s, S.106 and GLA targets are the broadest used tool to generate affordable housing and RTB and reductions in relets are the most significant obstacle to existing stock. However, every borough had a different approach to s.106, a comparison of Tower Hamlets vs. Redbridge highlights some common borough-wide variances.

Tower Hamlets (LPA)	Redbridge (LPA)
A lot of s.106 production	Historic administration -quite anti-development in general
Stern 106, heavy negotiation	Now trying to create affordable housing
Encourage housing association production	Suburb style, local resistance to new housing and affordable housing
	Over 5000 family on the waitlist and over 2300 households in temporary accommodation, council stock is 4500 homes the borough has about 90 000 in total

**Table 4: Council comparison in London**

### *Housing Associations*

Housing associations typically manage and facilitated the daily provision of affordable housing and England have grown to become developer conglomerates that interact with the full spectrum of affordable housing (Short, Interview, 2018). G15 represents London’s largest housing associations and provides homes for 1 of every 10 Londoners (g15 London, 2018). HA's had historically and contoured to provide the majority of social housing in London, and across the UK, based on their role, housing associations interact with housing policy in many ways including replying to consultations and sending a statement of agreement where applicable alongside interactions during the planning process.

As a recipient, the challenge of s.106 is an inability to have input on the unit production and type yet they own, manage or both, post development. The production ability and profitability of housing providers have been very public because housing associations have enjoyed high-profit margins despite government austerity measures (Bowie, Interview, 2018).

The housing associations respond by clarifying that funding cuts have necessitated that they build market housing, and they sell the markets housing at the highest price point to reinvest the money in affordable schemes. Through this process, the housing associations are able to withstand funding variances and can afford to construct in places with high land values (Short, Interview, 2018).

In Toronto, TCH is the most significant social housing provider in Canada and owns approximately 50% of City of Toronto land (in terms of the real-estate asset). The provider has

close to 60 000 units with a Facility Condition Index (FCI) average of 16 % (Lawson, Interview, 2018).

The Affordable Housing Programme (joint federal-provincial fund) puts up approximately \$150,000 in capital for building, but typical unit costs \$250,000-\$350,000 thousand to construct. The City puts in tax benefits (no property tax or development charges for example), and this typically results in a \$50,000-100,000 cost. Therefore, TCH has to raise the \$100,000 shortfall based on maximum parameters.

Based on the FCI average TCHC must balance either investing up to \$50,000 of money into an existing unit or invest \$ 100, 000 into a new unit. Even if this amount were the existing units still require costly repairs. The challenge, therefore, originates from the TCH backlog of capital repair costs and backlog. Although the organization is working to fulfill the city's mandate, its efforts are negated by supply targets that are relative to fiscal challenges.

Housing providers are the most crucial partners in the provision of housing. From a quantitative perspective, the private development market unquestionably caters to more people. However, the same cannot be objectively argued, where the quality of housing is concerned. Private developers are not positioned or motivated to cater to the diversity of needs at the same level that is expected of socially attuned housing providers.

The chart below summarizes the policies that have been discussed above and captures the likely beneficiary of affordable housing policy based on the policy design.

	<b>Affordable for Who?</b>	<b>Affordability level</b>	<b>Affordable for how long</b>	<b>Partner type</b>
<i>CIL</i>	None	None	None	everyone
<i>S.106</i>	For key workers and dual household blue-collar workers	If on-site typically mix of shared ownership and rent	*Affordable in perpetuity subject to adjustments for market variances and incomes	Every builder seeking an exception to height and density
<i>S.37</i>	Professionals who can locate a higher percentage of income to housing	If on-site typically at or below the average market rent (AMR)	Affordable in perpetuity subject to adjustments for market variances and incomes*	Every builder seeking an exception to height and density
<i>RTB</i>		Typically, mid-income (those marginally priced out of the market)	Only upon acquisition, losses affordability upon resale	
<i>Inclusionary Zoning</i>		Everyone, result in truly mixed communities		
<i>GLA - Targets</i>		Everyone, result in truly mixed communities		

**Table 5: Policy Target Overview**

\*if sold to a registered/housing provider

(based on the interviews and review of 1023 other affordable housing projects in both countries)

### *Complexity of layered policy*

The complexity of policy overlap: In many cases, historical doctrines have created a contemporary manifestation of issues that relate to affordable housing, it is fair to point out that many of the negative manifestations are unintended. However, the continuous failed engagement with these issues constitutes a gap in policy and affordable housing delivery.

Political cycles leave legacy documents in the form of policy, and by their mere existence these policies often constrain and contradict even the most cogent solutions. It would be unfair and cynical to conclude those policy failures were intentional, but it would be equally nearsighted to assume the opposite, and not recognize the challenges that are presented by historically counterproductive policies that still hold legislative authority and bear present-day consequences.

For example, right-to-buy as a policy was conceptually desirable and appealed to the desires of many, but as the evidence indicates, was a short-term solution to a long-term problem, and has since surpassed its usefulness. Another example is the GLA grant policies which allow councils to

become builders buying accessing grants from the GLA. However, the grant money cannot be combined with RTB sales receipts that the boroughs would have accumulated and thus prevents the boroughs from increasing supply themselves.

In Toronto, CMHC mortgages do not allow the TCHC to obtain a second mortgage, affecting the ability to refinance and historical, political decisions such as the prioritization of refugees and or women experiencing violence. Similarly, higher level governance decisions including austerity measures, have stifled any long-term remedial efforts by not mitigating the affordable housing crisis.

Housing and affordable housing policies by extension exist in a complex and interdependent service environment, and the varieties of policy efforts to remedy the crisis are indicative of this. However, the veracity of the response must be matched with a heightened depth of investigation and policy reform where necessary. The depth of investigation also revealed financial climates that affected the effectiveness of policy and austerity measures were perhaps the most impactful.

### *Austerity*

Typically, austerity would be discussed in finance papers as it is fundamentally an economic approach to governance, but its rippling effect on housing provision and demand required its engagement. The United Kingdom Government Austerity Programme is essentially a debt allocation plan that was enacted by the national government to remediate a deficit that was mainly due to historical Keynesian economic practices combined with the effects of the Great Recession in 2007-2008. Keynesian economics is a demand inducing ideology that advocates for increased government expenditures and lower taxes to stimulate demand and pull the global economy out of the depression (Investopedia, 2018).

Austerity measures were introduced within this plan and took effect in 2008, David Cameron popularly used the term "the age of austerity" which has been operational from 2010 until today (Kirup, 2014). The austerity measures entail cuts to welfare, local government funding cuts and the cancellation of school building programs, to name a few.

During this time capital investment in new affordable homes was cut by 60%, and the number of rough sleepers doubled between 2010 and 2016(GLA, 2017). The government also introduced a Local Housing Allowance policy that restricts housing benefits through a benefit cap, limiting the total amount of welfare benefits per household. These measures have led to innovative solutions by providers and councils, but the positive impact on the national deficit has created negative impacts on housing.

## 4. Recommendations and Conclusions

### *Comparison of Toronto and London experience*

Affordability and affordable housing are malleable terms that cannot be encapsulated singularly. This seems to have been the basis of the London Living Rent policy that was brought forward by the Mayor of London, and while some may think that it muddies the waters (Smith, Interview, 2018), it conceptually explains which are being targeted and clarifies the standard of affordability by extension. The existence of numerous layers of affordability is arguably the greatest benefit and although it is confusing the absence of it can estop progress and the ambiguity can lead to legal challenges.

Private developers indicted that inconsistent planning permission and scrutiny results in an exercise of risk mitigation in an already risky housing market (Morgan & Daniels, Interview, 2018). Therefore, in an environment where primary responsibility lies with a profit-focused board, the need to mitigate risk is considerable and logical. For this reason, policies, such as s.106 and s.37, remain inadequate as a tool for primary affordable housing delivery, mostly because they are triggered policies that are predicated on unpermitted development.

The application of s.106 and s.37 as primary affordable housing extraction policies fail based on the local and council prerogative of in-kind contributions, because such contributions are difficult to evaluate, classify and critique. This issue exists both in centralized and decentralized planning systems and is a critique echoed by developers and governmental actors in both respective cities.

The potential application of policies and the knowledge from the two cities is significant. London has a long history of social housing production, and their maturity has produced both good and bad policy. Conversely, Toronto has a unique planning policy framework that borrows from across the Atlantic and south of the border, consequently providing bespoke policy lessons to London.

Recommendations for London	Recommendations for Toronto
Freeze Right to Buy and its successor policies	Create a specific policy that delivers affordable housing
Facilitate long-term solutions-Council building	Facilitate greater diversity in partnership
Using the GLA system to establish citywide equity	The city must prioritize and expand housing as a separate sector of government in the city
Greater tenant protection, e.g., tenant assistance	Develop a system of greater transparency and monitoring

**Table 6: Table Recommendations for Toronto and London**

In the case of London, RTB has exceeded its usefulness and only threatens affordable housing retention. It is understood that RTB is a national policy which means that the City of London cannot reverse it, but the GLA needs to engage the national government to have the policy "frozen" because the LSO and LLR offer greater flexibility of councils while still facilitating ownership. Additionally, the funding created must be retained locally and indefinitely, where the replacement product can be better monitored and enforced.

The City of Toronto, GLA and LA must become developers in order to accommodate everyone in housing need. The GLA must work with councils and government to achieve this, and at the minimum, the GLA must develop the capacity and expertise to do so, and the same is advocated in the case of Toronto. Toronto should also develop an adequate definition of affordable housing in its official plan and expand on different types of affordability targeted.

Furthermore, Toronto should generate greater transparency around affordability targets, and its housing departments must be expanded to engage with the issue adequately. Comparatively, London has significant capacity regarding housing staff even solely within the GLA.

Regarding inclusionary zoning, Toronto must explore the potential to layer policy with the current inclusionary zoning regulations to produce some affordable housing units without extensive fiscal impact, for example, since inclusionary zoning applies to condo minimum development which are typically s.37, then the city can waive s.37 dues to ensure that greater affordable housing is built into the development.

## Conclusions

Governments have become particularly adept at tackling the rate and extent of the housing gap. However, the affordable housing crisis represents a collective failure. Governments extract some

economic benefit from unaffordable markets, yet the markets do not address issues of equity and social justice. Concepts and phenomena about the social utility of affordable housing are not always thoroughly understood and thus, often face opposition which necessitates the active role of the government.

Calaviat and Maalch (2009) have rightfully identified that housing exists in an unbalanced plain. The authors assert that the housing market supports the privatization of wealth and the socialization of costs. These authors effectively demonstrate that the use of land and its residual profits arise from public sector planning and investment (Follett, Interview, 2018), yet it is mostly the private sector that extracts significant profit from the housing market.

Although the long-term results and post-2021 funding is unclear, the annual reconciliation and borough monitoring system, combined with individual council approaches the affordable housing supply is on track to increase significantly in London.

Finally, land tax should be considered as a planning tool in the same way as regulations. Taxation can relocate and encourage development in the same way zoning does which makes taxation a valuable planning mechanism.

The value of taxation on affordable housing cannot be understated, this is exemplified with the topic of Capital Gains Tax on personal properties both in England and Canada. Private residence relief and principal residence exemptions provide tax relief on the realized capital gains from the sale of a primary residence and is done so in both countries (see Canada Revenue and GOV, 2018). In markets like Toronto and London the capital gain amounts is substantial and act as a windfall for many home owners. This profit is unbalanced because although both cities contributed to the gain through infrastructure and policy, the cities themselves are unable to share in the profits. Although the respective taxes fall under Central and National prevue, the funds can renew the governmental role in the development of affordable housing and comfortably fund its development in both cities.

This research expands on the current challenges in housing policy. It situates contemporary British and Canadian housing policy in the environment in which it is lived and developed; first by examining the contemporary context of policy making (its fundamental ideas, institutions, and interests); and secondly, by introducing some of the theoretical and methodological underpinnings and tools of policy analysis, and lastly by examining policy and the challenges faced by partners (e.g., policy capacity, intergovernmental challenges, by using a problem-based approach). The research also captured the complexity of current government policymaking in a comparative perspective, including the government's role in the delivery of policy goals while balancing concerns of efficiency and equity.

There are other essential discussions about substantive and procedural issues in this area including economic levers for delivery (challenges related to scaling, relations between global,

national, regional, and local levels and challenges related to diversity) however, their exploration is beyond the scope of the paper.

*E pur si muove.* (And still it moves.) - Galileo Galilei

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## **Glossary**

**Social rented housing** is owned by local authorities and private registered providers.

**Local development schemes** are public 'project plans' which identify which local development documents will be produced, in what order and when.

**Local authority** is a local government organization which is a borough or county depending on area tier.

**Housing provider** is an organization that manages and/or owns the housing development.

**Local planning authority** is the public authority whose duty it is to carry out specific planning functions for a particular area.

**Viability assessments:** are assessments used to evaluate the economic viability of proposed development.

**Conservative and Labour Parties:** These are the two main political parties in the UK.

**Liberal and Conservative Parties:** The two main political parties in Canada with the liberal party most closely aligning with traditional British liberal values of free markets.

**London living rent** is a type of affordable housing for middle- income Londoners. These homes will have lower rents, so cash you save on rent can go towards a deposit for your own home.

**Greater London Authority (GLA)** oversees the planning and delivery of large-scale urban development and regeneration in London's Olympic area.