NEIGHBOURHOOD CHANGE & Building Inclusive Communities From Within

Policy Brief

Research Partnership: Trends, Processes, Consequences, Interventions

Anything But Scattered

The Proposed Sale of Toronto Community Housing's Standalone Scattered-Site Housing and Implications for Building an Inclusive Toronto

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It has been proposed that the Toronto Community Housing Corporation (TCHC) sell a number of the "scattered-site" (stand-alone) houses that it maintains as affordable housing for low-income families. This policy brief analyzes the location of these properties in relation to the prevailing social geography of the city, and assesses the impact that such a sale would have on socio-spatial equity and the goal of building inclusive communities in Toronto.

Context

Toronto Community Housing Corporation (TCHC) is the largest provider of subsidized housing in Toronto for low-income households. It provides approximately 58,500 housing units, or almost 14% of the City of Toronto's rental housing (a further 6% of Toronto's rental stock is provided by other non-market agencies; the rest is provided by private landlords).

For years, TCHC has suffered from a lack of resources and difficulties in funding its core services. This shortfall dates to the founding of the TCHC in 2002, when responsibility for public housing was downloaded by the Province of Ontario to the City of Toronto. Provincial legislation establishing the structure of TCHC and the transfer of responsibilities among housing agencies was introduced by the Conservative Ontario government led by Premier Mike Harris.

TCHC absorbed and replaced three separate housing authorities: Cityhome (the former City of Toronto Non-Profit Housing Corporation), the Metropolitan Toronto Housing Company Ltd. (MTHCL, which primarily consisted of seniors' housing), and the Metropolitan Toronto Housing Authority (MTHA, the Toronto portfolio of the Ontario Housing Corporation (OHC), which was downloaded at the same time).

The corporate structure of TCHC effectively compels it to act like a private-sector corporation in leveraging its assets to fund core services, a task made especially difficult by its mandate to provide housing for low-income households. This is different from the organizational structure of the housing authorities that are TCHC's predecessors. The lack of resources has been aggravated by declining funding from the City of Toronto, TCHC's portfolio of social housing includes hundreds of so-called "standalone" or "scattered-site" housing units. These are individual properties, mostly single-detached, semi-detached, or row housing located on streets in which the majority of houses are owned privately. These properties were purchased or built long ago to provide affordable housing for larger families with low incomes. By contrast, most of TCHC's portfolio consists of smaller bachelor, one-, or two- bedroom apartment units, often in high-rise buildings, more suitable for small families, couples, and singles.

Many of these standalone scattered-site units now require significant maintenance, as do units in the TCHC stock of aging apartment buildings. TCHC's limited maintenance budget is inadequate for this task. The City of Toronto has limited resources to assist with the maintenance backlog, although the City has occasionally made special contributions over the years. The federal and provincial governments, who first built and managed the housing, have not allocated sufficient funds for proper maintenance.

The most recent proposal (Executive Committee of Council, February 17, 2012) for partially funding the maintenance backlog is to sell 675 of these scattered-site properties, representing 740 TCHC units, and use the money for rehabilitating other TCHC units or funding other budgets (56 of these properties, containing 64 units, are currently vacant).

Although TCHC by law would be required to offer suitable housing elsewhere in its portfolio for households displaced from such sales, the sale would nonetheless represent a reduction in Toronto's stock of non-market social housing and, as a result, remove from the system affordable units housing about 2,200 people. The City of Toronto Council, on March 5, 2012, asked the chair of the City's Affordable Housing Committee to strike a special working group to study the proposed sale of scattered-site houses and the alternatives, and to report back to the Council's Executive Committee on September 10, 2012. In the meantime, the houses that are currently vacant are to be sold.

The estimated proceeds of the sale of 675 properties vary from a low of $222 million to a high of $400 million (compared to an estimated $650-750 million needed for capital repairs of the TCHC portfolio). Some or all of the proceeds of such a sale, it is suggested, could fund maintenance elsewhere in the portfolio, or be used to build new lower-cost stock, so that other low-income households could benefit from the sales. It remains unclear, however, whether the sales would result in any net gain for TCHC that could be put toward any of its budgets (maintenance or otherwise). The City of Toronto, under its current administration, might simply reduce its own funding to TCHC, resulting in no net benefit to the housing corporation. The City's budget process makes it impossible to guarantee how the money might be used. (For more information on the proposed sales, and the political processes that have led to the current situation, see the reports by TCHC, 2011, and City of Toronto, 2012, listed at the end of this brief.)

The purpose of this policy brief is not to suggest how the potential proceeds might be spent or how the City can fund maintenance for TCHC housing: those outcomes are political and unpredictable, and depend upon decisions made by Toronto City Council and the Province of Ontario. (For more discussion of issues pertaining to costs and funding, see the report produced by the Wellesley Institute, 2011). Instead, this brief examines the implications of the proposed sale for social and spatial equity. But first, it is important to understand trends in inequality within the City of Toronto.

Growing Social Polarization and the "Three Cities" in Toronto

The proposed sale of TCHC houses is occurring against a backdrop of increasing social inequality and neighbourhood polarization. Toronto has become more segregated by income over time as rich neighbourhoods become richer and poor neighbourhoods become poorer. Figure 1 shows this growing inequality in the form of a GINI coefficient: Gini coefficients range between zero and one, and higher values indicate higher levels of spatial inequality.

Part of the reason for this growing segregation is that many inner-city neighbourhoods, which once housed large low-income populations, have experienced gentrification (see Walks and Maaranen, 2008). Over time, many houses that were once rented out on the private market have been converted to owner occupation. As a result, low-income households have been displaced from inner-city neighbourhoods close to public transit, jobs, and amenities. Low-income households now have a difficult time finding affordable rental in the city, and often must live in distant neighbourhoods in the former "inner suburbs" of North York, Scarborough, and Etobicoke.

Figure 1: Growing Between-Neighbourhood Inequality (Gini Coefficient) in the Amalgamated City of Toronto, 1970 to 2005

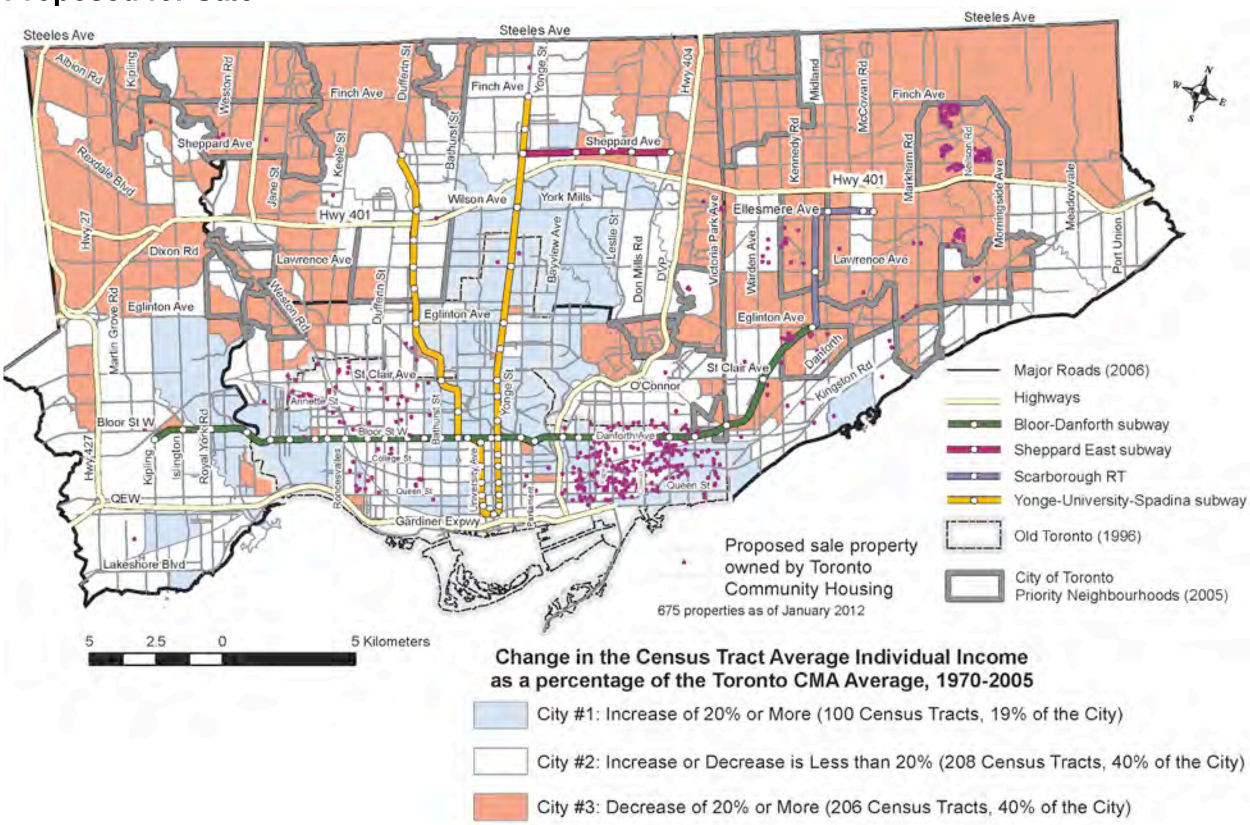
Source: Walks (2010). Calculated by the author from the Census of Canada, various years. Values are Gini coefficients and the units of analysis are census tracts. The Gini coefficient ranges from zero to 1. A value of 0.00 would indicate complete equality of income between census tracts (neighbourhoods), while a value of 1.00 would indicate that all the city's income is found in only one census tract and all other tracts have zero income. (For more information on how the gini is calculated, see World Bank, 2011)

The result is a city divided both socially and spatially. This division has led to the creation of three separate "cities" within the city.

- City #1 is the *ever-improving* and gentrifying city, in the inner city and areas close to efficient public transit.
- City #3 is the *declining* city mostly in the less accessible neighbourhoods of the former "inner suburbs" of Etobicoke, North York, and Scaroborough.
- In between is City #2, the *stable* city (Hulchanski, 2010).

As affordable rental housing disappears from the inner city and low-income households are forced to find affordable housing far from the core, the gentrification of City #1 is directly related to the decline of City #3, and to growing income segregation and social polarization. Any policies that allow the wealthy to displace renters in the inner city thus contribute to greater socio-spatial polarization. Map 1 superimposes the units proposed for sale onto a map of the "three cities" in Toronto.

Map 1: The "Three Cities" of Toronto, Showing the Locations of TCHC Units Proposed for Sale



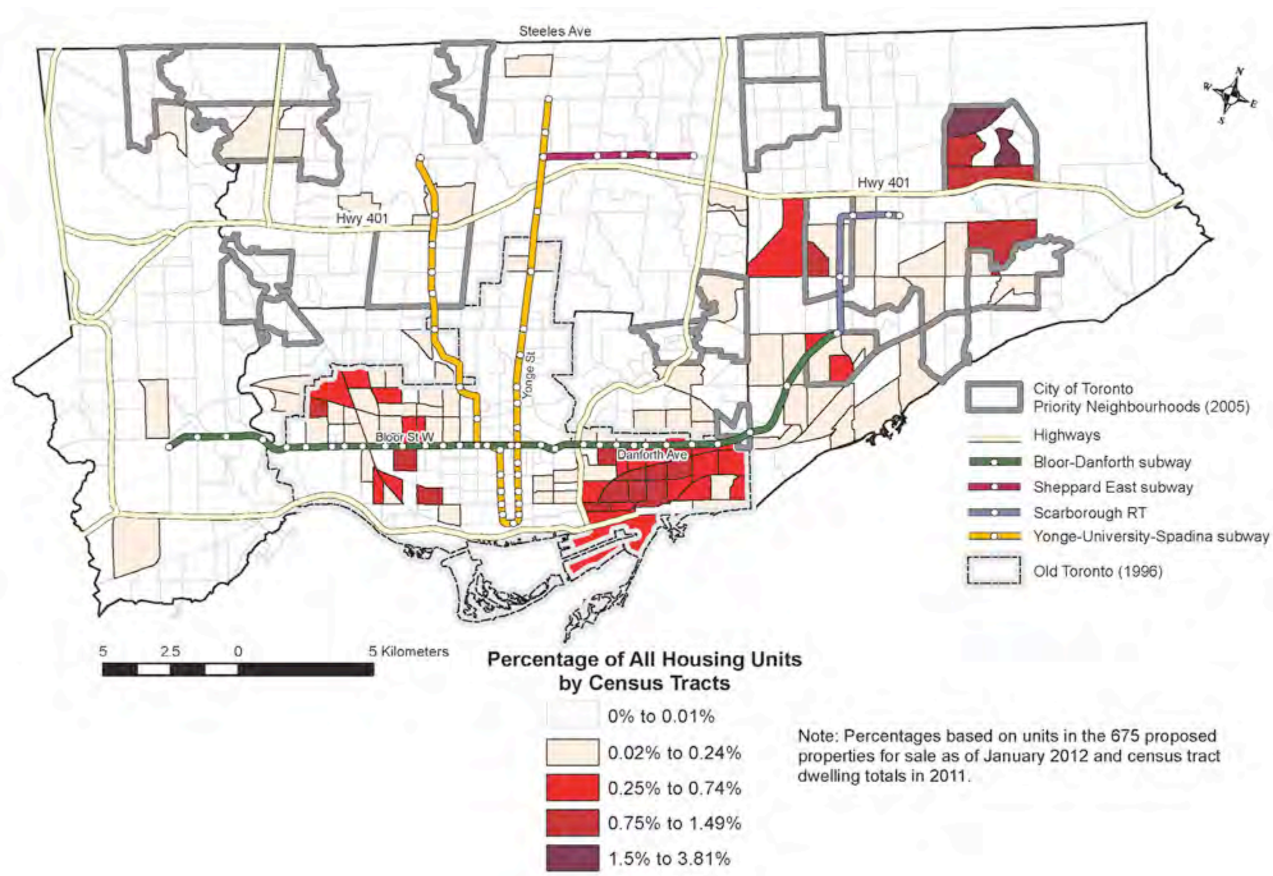
Anything But Scattered: The Geography of TCHC's Proposed Unit Sales

The spatial distribution of the TCHC housing proposed for sale has important implications for socio-spatial equity. If these housing units were truly "scattered" – that is, if they were not concentrated in any particular neighbourhoods, then it could be argued that their sale would have limited effects on existing levels of neighbourhood-level inequality. In fact, the housing in question is anything but scattered. These units are concentrated in 112 (or 21%) of the City's 527 census tracts. (Census tracts are spatial units created by Statistics Canada with an average population of 4,000 and designed to be relatively homogeneous in terms of socio-economic characteristics, and thus are often used as proxies for neighbourhoods.) Furthermore, many of these census tracts (66 of these 112 tracts, or 12.6% of the City) contain fewer than four of such units. And the vast majority of these "scattered" standalone units are highly concentrated in just 46 (8.7%) of the City's census tracts. To give an indication of just how spatially clustered these units are (for those nuanced in geographic statistics), a nearest-neighbour analysis produces a z-score of -32.48, an extreme value that suggests there is less than a 0.000001 percent chance the spatial distribution is the result of random clustering (a value of -2.58 would be significant at the 0.01 percent level). Due to its geographic concentration, the sale of this housing will have significant impacts on particular neighbourhoods in the city.

Map 2 shows the proposed sales as a percent of the total number of housing units in each census tract. What is instantly discernable is that this housing is highly concentrated in the east end of Toronto's inner city (mostly Riverdale, Leslieville, and the Beaches), as well as in the inner west end (notably in Parkdale, Trinity Bellwoods, Dufferin Grove, Dovercourt, and the Junction). These are all areas that have been gentrifying for a number of years, and in turn have been witnessing displacement of renters and low-income households (see Walks and Maaranen, 2008).

In these areas, the proposed units for sale are located close to public transit, and thus are appropriate for low-income households that often cannot afford a car (see the analysis produced by the Martin Prosperity Institute, 2012). There is also a strong concentration in Malvern (upper-east Scarborough), and smaller concentrations in neighbourhoods near the Golden Mile and a few other areas in Scarborough.

Map 2: TCHC "Scattered-Site" Units as a Proportion of All Housing Units (Owned and Rented)



SOURCE: TCHC and Census of Canada, 2011. Percentages are calculated based on the number of dwelling units reported in the 2011 census.

By far the highest concentration is in inner Toronto's east end (bordered by the Don River/DVP to the west, Victoria Park Avenue to the East, and just above O'Connor Drive to the north). This area contains 313 (42.5%) of the units proposed for sale. These units make up an important segment of the total housing stock in these neighbourhoods, and an even more significant proportion of the rental housing stock that is actually affordable.

The second largest concentration (172) is in Malvern, representing 23.3% of these housing units. The third is in the west end, where 138 units are located (18.7%). This means that virtually 85% of TCHC's "scattered-site" units are located in just three areas of the City. Most of the rest (another 94 units, or 12.7%) are located elsewhere in Scarborough. All told, this is an extremely concentrated portfolio.

It is also important to consider how the portfolio is distributed across each of the "three cities" of Toronto identified by Hulchanski (2010). In the older pre-amalgamation municipalities of Toronto, York, and East York, all of the proposed units for sale are located within either City #1 (the improving and gentrifying city) or City #2 (the stable city). Many rental units have already been converted to owner-occupation in City #1, and it is occurring, albeit more slowly, in City #2 as well.

In these areas, few, if any, of the TCHC units sold into the private market are likely to remain in rental tenure. These units will likely be bought by speculators, renovated, sold to wealthy households, and converted to owner occupation, following the pattern in gentrifying areas in Toronto that has persisted for 30 years (see Walks and Maaranen, 2008).

Once sold, the value of these units is likely to rise dramatically, while reducing the stock of rental housing and the number of tenant households in such neighbourhoods. This change in turn will increase the value of privately held, owner-occupied housing in such areas, making them even less affordable for low-income households. Therefore the sale of the units represents a transfer of value from the public to a small group of private interests, and will intensify the gentrification processes in these inner-city neighbourhoods.

Table 1: Number and Percent of Proposed Housing Units for Sale in each of the 'Three Cities'

	INNER CITY *Old Cities of* Toronto, York, & East York	**INNER SUBURBS** *Old Cities of* Scarborough, North York & Etobicoke	**ALL CITY OF TORONTO**
City #1	152 (20.5%)	1 (0.1%)	153 (20.7%)
City #2	302 (40.8%)	32 (4.3%)	334 (45.1%)
City #3	0 (0 %)	250 (33.8%)	250 (33.8%)
Total	454 (61.4%)	283 (38.2%)	737/ 740

Source: Calculated by the author from TCHC data. Numbers sum to the 737units for sale traceable by location in the dataset provided by TCHC.

This reality is in stark contrast to the situation in the "inner suburbs" – the pre-amalgamation municipalities of Scarborough, North York, and Etobicoke. In these areas, 250 (88%) of the 283 units proposed for sale are in City #3 (the declining city). In these neighbourhoods, incomes have been persistently declining for decades, and many owner-occupied houses are now being rented out, partly in response to gentrification in the older neighbourhoods that has reduced affordable rental accommodation in the inner city.

Some of the areas in the inner suburbs targeted for sales of the standalone units have been designated "Priority Neighbourhoods" by the City of Toronto and the United Way, because of their growing social problems and high crime rates. Units sold in these areas are unlikely to increase in value after sale into the private market. It is always possible that they may be converted to owner-occupation by the individuals purchasing these properties, but because housing prices in these neighbourhoods (e.g., Malvern, Golden Mile, Orton Park) have risen much more slowly than the average for Toronto, there is little reason for speculators to renovate them or attempt to add value for resale. In some cases, the units may be purchased by landlords hoping to profit by under-maintaining the properties while keeping them in rental tenure, which could hasten the difficulties and social decline of such areas.

To be sure, a small number of the units (33 units) in these suburbs are located within Cities #1 and #2 – these units are more likely to be renovated, and thus may become occupied by wealthy households in these few neighbourhoods. But the vast majority in the inner suburbs are located in neighbourhoods where market logic is not likely to dictate wholesale improvements to the neighbourhood, but instead reinforce trends toward decline.

Spatial Equity and Building Inclusive Communities

Selling these "scattered-site" units into the private market will likely exacerbate spatial polarization trends within the inner suburbs, as well as between the inner city and the inner suburbs. The neighbourhoods that will accrue private benefits are those that are already wealthy or are gentrifying (particularly those in the east end of the inner city – including neighbourhoods where gentrification had previously been slowed by the presence of non-market affordable housing, including the units now proposed for sale).

The neighbourhoods that are least likely to benefit, and that may even be negatively affected, are those already suffering from social problems, crime, and declining incomes in the inner suburbs. If the standalone units are sold into the private market, rich neighbourhoods will become richer, and poor neighbourhoods will become poorer, and inequality – and the social tensions that it produces – will increase further. The gulf between City #1 and City #3 will widen.

This author has been working with other scholars at the University of Toronto Cities Centre to analyze neighbourhood trends and recommend policies for building inclusive, diverse neighbourhoods and enhancing neighbourhood quality of life. One of our most important policy recommendations is the need to limit gentrification processes that displace affordable rental housing from the inner city and to prevent processes of neighbourhood change that produce concentrations of both wealth and poverty.

Research conducted by members of the team (Walks and August, 2008; Ley and Dobson, 2008) has found that maintaining non-market affordable housing is one of the best ways of building and encouraging inclusive communities and preventing the negative aspects of gentrification. It is important to maintain a healthy stock of affordable housing for low-income households who otherwise would be priced out of inner-city neighbourhoods entirely and forced to move to less-accessible areas of increasingly concentrated poverty.

Selling these TCHC properties into the private market will only exacerbate polarizing trends and work against the goal of building inclusive communities. We thus recommend that these properties not be sold into the private market.

It is understood that TCHC is in a difficult position. This analysis does not suggest that these properties must remain under the ownership and management of TCHC. Transferring these properties to other non-market social housing providers whose mandate is to maintain the units as affordable housing would keep these units off the private market and in secure, affordable tenure. However, once sold on the private market, these units would no longer serve a social policy objective, nor could any government afford to buy them back (or buy similarly located units). Selling them onto the private market will represent a transfer of wealth and public assets to private individuals or corporations. Maintaining these housing units as part of the City's non-market social housing stock, on the other hand, maintains public assets and provides significant public benefits, including that of inclusive diverse neighbourhoods where people of all incomes can afford to live.

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