



What is the Missing Middle?

A Toronto housing challenge demystified

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¹ A full list of participants can be found in Appendix 1.

PURPOSE

From 2017 to 2018, Evergreen's Housing Action Lab convened a Missing Middle Working Group co-chaired by City of Toronto Deputy Mayor Ana Bailão and the Canadian Urban Institute. One of the initial tasks of the Working Group was to collaboratively create a "made in Toronto" framework for discussing missing middle housing. The purpose of this brief is to bring clarity to the concept of the missing middle and to identify areas to explore solutions for increasing the supply of missing middle housing in Toronto.



BACKGROUND

Missing middle describes a range of housing types between single-detached houses and apartment buildings that have gone ‘missing’ from many of our cities in the last 60 to 70 years. Around the world, as cities struggle to find ways to broaden housing choices, create walkable communities, and remain economically competitive, the ‘missing middle’ is increasingly central to their conversations. In Toronto, the missing middle is referenced in discussions about intensification, complete communities, housing choices, and housing affordability.

The term ‘missing middle’ was coined by the architect Daniel Parolek to describe “a range of multi-unit or

clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.”² These housing types include duplexes, triplexes, fourplexes, rowhouses, and townhouses. In Toronto, low- and mid-rise apartment buildings are other mid-range housing types that promote the same city-building principles as Parolek’s definition of the missing middle (for example, they promote walkability and fit into the character of many residential neighbourhoods) but are increasingly overshadowed by higher density development.³ As a result, low- and mid-rise apartment buildings are often also considered as part of the missing middle in Toronto.

While the ‘missing middle’ refers to a range of housing types, the popularity of the term has grown alongside the housing challenges facing middle-income households. Increasingly, middle-income households in Toronto, as in other global cities, are experiencing difficulty finding housing that suits their needs and budgets. Accordingly, the term ‘missing middle’ is used by some to describe the lack of available and *affordable* housing options for middle-income households, both in the ownership and private rental sectors. In fact, much housing that falls under the rubric of ‘missing middle’ is unaffordable to households across the income spectrum.

The term ‘missing middle’ was coined by the architect Daniel Parolek to describe “a range of multi-unit or clustered housing types compatible in scale with single-family homes that help meet the growing demand for walkable urban living.”

² Opticos Design Inc. (n.d.) What is Missing Middle Housing?, retrieved from <http://missingmiddlehousing.com/about>

³ For example, see Burda, C. and Collins-Williams, M. (2015) Making Room for Midrise, Toronto, ON: Pembina Institute; Dalgish, B. (2018, May 11) Mid-rise buildings challenge Toronto developers, city, The Globe and Mail.



FRAMEWORK

Our framework for the missing middle is informed by conversations among members of the Missing Middle Working Group and discussions with community stakeholders. The framework consists of three lenses: **built-form, tenure, and location.**

A fourth lens – income – was initially considered by Working Group members but ultimately not included in the framework. It is widely appreciated that middle-income households in the Toronto region are facing barriers to affordable housing at an increasing rate, which in turn is posing a threat to the future of our community. This is exemplified by recent housing documents such as Canada’s National Housing Strategy, which states that affordable housing “strengthens the middle class”, and Mississauga’s *Making Room for the Middle*

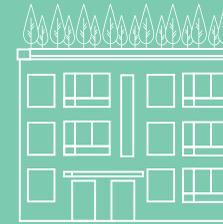
housing strategy, which indicates that retaining middle-income households is vital for the City’s future success.

With middle-income households attracting so much attention, the Working Group considered the role of missing middle housing in helping to address the housing challenges faced by middle-income households. However, the Working Group takes the position that, with appropriate supports, missing middle housing can provide affordable housing opportunities to *both* low- and middle-income households. It seems reasonable for the Working Group to explore how some ‘missing middle’ building forms in certain locations could be made more affordable in combination with other policies and programs.

Built-form

Our framework focuses on housing forms between high-rise apartment buildings and single- and semi-detached houses. In terms of dwelling types defined by Statistics Canada, we consider *row houses, apartments in buildings under five storeys, apartments in duplexes, and other single-attached houses* as part of the missing middle. These structural types encompass townhouses, duplexes, triplexes, fourplexes, and other innovative forms of development such as garden and courtyard apartments, live-work units above commercial businesses, and laneway housing. As previously mentioned, mid-rise apartment buildings are often considered as part of the missing middle in Toronto. However, due to Statistics Canada's classification of dwelling types, we restrict our analysis here to apartment buildings under five storeys in height.⁴

Toronto has seen growing polarization between tall, high-density development and dispersed, low-density housing. Meanwhile, everything in the middle is increasingly 'missing' from Toronto's urban fabric.



Apartments
under
five storeys



Duplexes, triplexes, and fourplexes



Townhouses



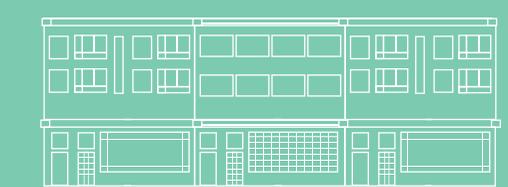
Laneway suites



Row houses

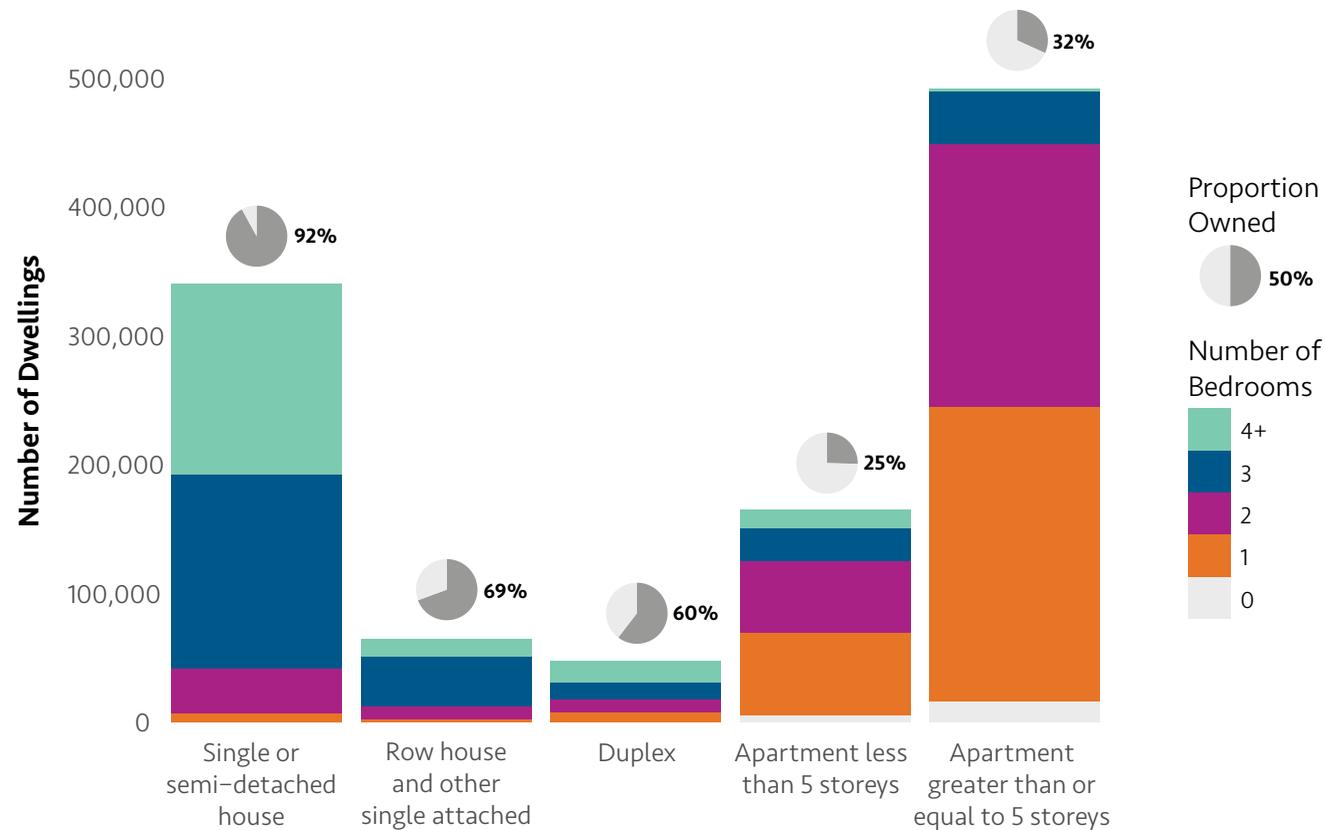


Garden and courtyard apartments



Residential units above commercial businesses

⁴ Statistics Canada classifies dwellings in apartment buildings as belonging to buildings that are either under five storeys in height or five storeys or higher in height. Accordingly, most of Toronto's mid-rise apartment stock is included in the dwelling count for apartments of five or more storeys.



Source: Statistics Canada, 2016 Census of Canada

Figure 1. Structural Types by Dwelling Size and Tenure in the City of Toronto

As Figure 1 demonstrates, Toronto’s housing stock is comprised primarily of single-detached houses and apartments over five storeys. In addition, most dwellings containing three or more bedrooms are single- or semi-detached houses, which are predominantly owner-occupied (92%). Three bedroom units have not been a significant component of recent housing completions in Toronto, making it difficult for new families and large households to find appropriate units.⁵

Toronto’s housing supply has become increasingly reliant on high-rise buildings. From 2013 to 2017, more than 64,000 new residential units were constructed in the City of Toronto in development projects for which the tallest building was more than 12 storeys. Of these, more than half were located in the Downtown and Central Waterfront area.⁶ The result has been growing polarization between tall, high-density development (characterized by smaller units) and dispersed, low-density housing. Everything in the middle is increasingly ‘missing’ from Toronto’s urban fabric.



⁵ Between 1996 and 2011, 6 of every 10 housing units constructed in Toronto were in high-rise buildings, and only 3.8% of these units had 3 bedrooms or more. In addition, between 1996 and 2014, the average size of a 3-bedroom apartment unit decreased by 20%. See City of Toronto (2015) *Profile Toronto: Housing Occupancy Trends 1996 2011*, retrieved from <https://www.toronto.ca/legdocs/mmis/2015/pg/bgrd/backgroundfile-84816.pdf>

⁶ Source: Michael Wright, Manager, Research and Information, City Planning Division, City of Toronto

Tenure

Not only has most new housing supply in Toronto been delivered through high-rise buildings, but this supply has predominantly been delivered in the form of condominium apartments. According to Canada Mortgage and Housing Corporation (CMHC), condominiums accounted for more than 77 percent of housing completions in the City of Toronto over the last twenty years (from 1998 to 2017).⁷ Condominiums blur the boundaries between housing tenures, as condo apartments can be either owner- or renter-occupied.

In recent decades, condo apartments have become a de facto substitute for purpose-built rental housing in Toronto. While there has recently been an uptake in purpose-built rental starts,⁸ persistently low levels of rental construction over the last couple of decades has resulted in a growing proportion of condos being rented out to accommodate growing demand for rental housing (see Figure 2). This increasing reliance on condos to deliver rental housing can be problematic, since rented condominiums are a less stable form of tenancy (as tenancies can be terminated on the basis that the unit is required for use by the owner) and can be readily reverted to ownership upon becoming vacant (thereby removing units from the rental market).

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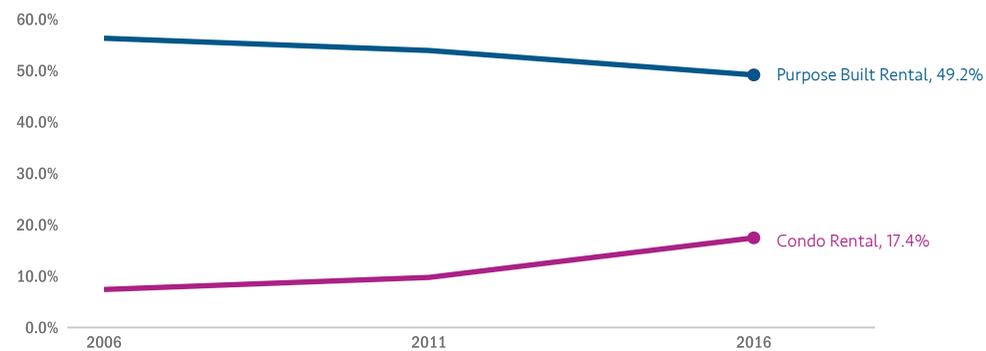
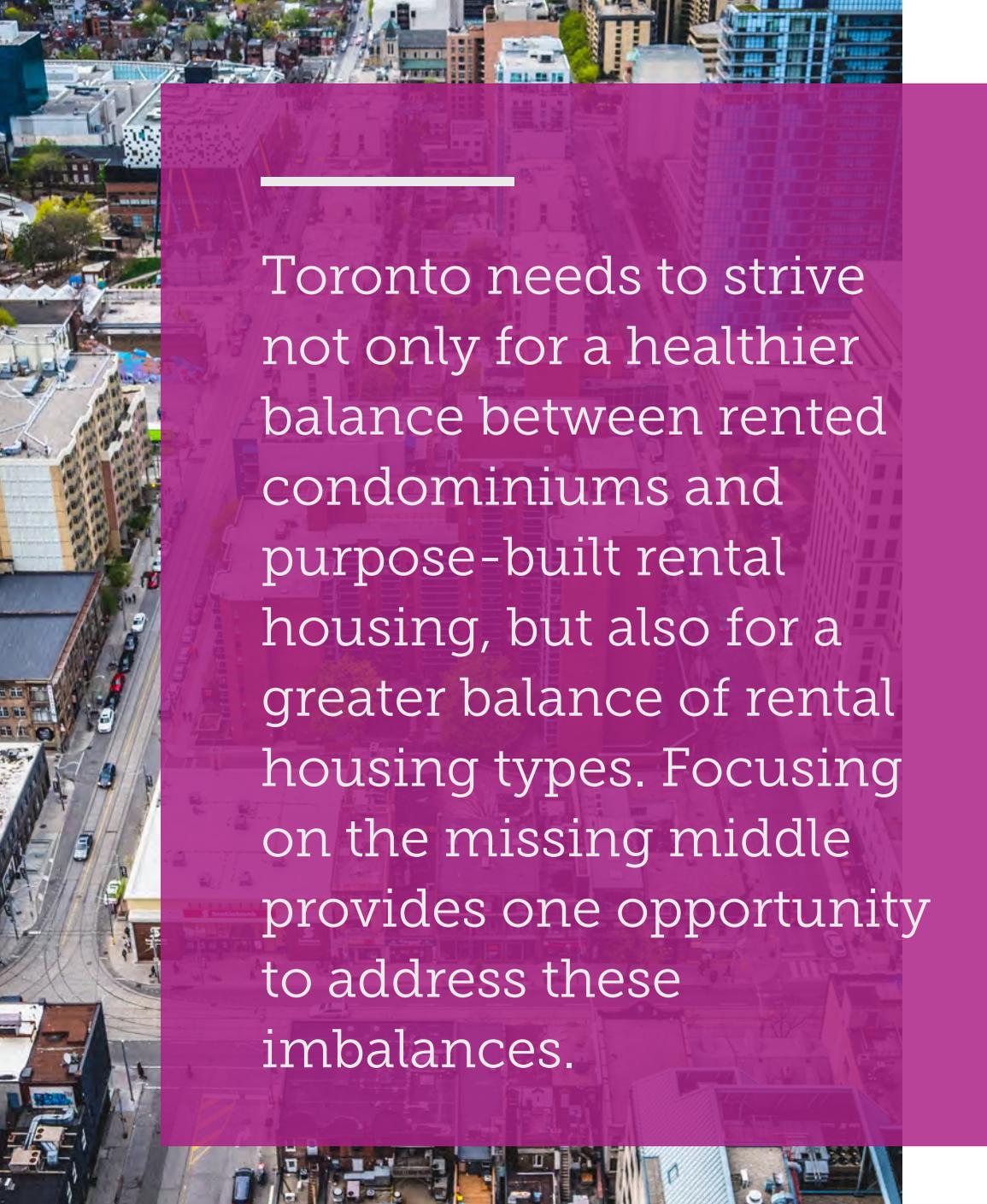


Figure 2. Change in Purpose Built Rental and Condominium Rental in the City of Toronto as a Percentage of the Total Rental Stock, 2006 to 2016

Source: Statistics Canada, Census of Canada, 2006; 2016; Statistics Canada, National Household Survey, 2011; Canada Mortgage and Housing Corporation, Rental Market Reports, 2006; 2011; 2016

⁷ Canada Mortgage and Housing Corporation, Starts and Completions Survey.

⁸ According to CMHC, there were more than 2,000 purpose-built rental housing starts in the City of Toronto in 2015 and 2016 – the only two years in which annual purpose-built rental starts surpassed 2,000 over the last two decades. For 2017, the number of purpose-built starts declined to 1,639. Urbanation reports that rental starts picked up to 2,635 in the second quarter of 2018 but slowed to 826 by the third quarter - their lowest quarterly level of the past two years. In any case, the total inventory of purpose-built rentals under construction is upwards of 11,000 units – the highest level in more than 30 years, according to Urbanation. Sources: Canada Mortgage and Housing Corporation, Starts and Completions Survey; Urbanation (2018, October 11) Strong Rent Growth Persists in Q3. Retrieved from <https://www.urbanation.ca/news/232-strong-rent-growth-persists-q3>



Toronto needs to strive not only for a healthier balance between rented condominiums and purpose-built rental housing, but also for a greater balance of rental housing types. Focusing on the missing middle provides one opportunity to address these imbalances.

In 2016, approximately 35% of all condominiums in the City of Toronto were rented out, and rented condos accounted for an estimated 17.4% of the City's overall rental stock.⁹ In fact, 2016 marked the first Census year that purpose-built rental housing comprised less than half of all rental housing in the City of Toronto¹⁰ (see Figure 2). And whereas the overall number of purpose-built rental units in Toronto has grown only marginally in recent years (a net increase of approximately 3,110 units between 2007 and 2017), there has been a net decrease in purpose-built rental units in low-rise apartment buildings (structures with <50 units), from an estimated 59,129 units in 2007 to an estimated 57,664 units in 2017.¹¹ Similarly, between 2007 and 2017, Toronto experienced a decline in the number of purpose-built rental units in row houses.¹²

The net decrease in purpose-built rental housing in row houses and low-rise apartment buildings does not necessarily reflect a decline in the overall number of rental units so much as a loss of a particular rental housing type. The City of Toronto has policies and legislation in place to protect rental properties with six or more units from being demolished or converted into condominiums, co-ownerships, or non-residential uses.¹³ For the most part, any demolition of purpose-built rental in properties with six or more units would have been replaced. However, with the high cost of land in areas zoned for multi-unit residential use, it is likely that most replacement rental units would have been in larger apartment buildings.



⁹ Estimates based on data from Canada's 2016 Census and data derived from Canada Mortgage and Housing Corporation's Secondary Rental Market Survey.

¹⁰ The estimated proportions of the rental stock in Toronto that are comprised of purpose-built and condominium rental were adjusted for vacancies and reflect estimates for the occupied rental stock during each Census year.

¹¹ Canada Mortgage and Housing Corporation, Rental Market Survey.

¹² Ibid.

¹³ These include the City of Toronto Official Plan and Chapter 667 of the Toronto Municipal Code – Residential Rental Property Demolition and Conversion Control.

Location

There is a distinct geography to missing middle housing in Toronto. As Figure 3 illustrates, the dwelling types that we consider to be a part of the missing middle are concentrated in particular areas of the City – namely outside of the downtown core in Old Toronto, along the waterfront in Etobicoke, and in pockets of York and North York.

The location of missing middle housing types in Toronto can be largely attributed to the planning framework in place for guiding residential growth and development. The City of Toronto Official Plan (OP) directs new development to areas that encompass approximately 25% of the City's lands. The areas identified for growth are designated as *Avenues*, *Centres*, *Employment Areas*, and *the Downtown and Central Waterfront* in the OP. These designations are consistent with the provincial Growth Plan for the Greater Golden Horseshoe, which identifies Urban Growth Centres in Toronto's Downtown and Centres, provides policies for the designation and protection of employment areas, and indicates that corridors

may be targeted for growth and intensification.

The *Downtown and Central Waterfront*, *Centres*, and *Avenues* are the locations at which most new residential growth in Toronto has occurred.¹⁴ Accordingly, many locations in these areas experience significant development pressure (and, by extension, high land values), often making the development of missing middle housing economically undesirable. On the other hand, lands designated as *Employment Areas* are generally protected from residential development and other non-economic functions to preserve space for business and employment opportunities. The remaining 75% of the City's lands are then protected from significant intensification to protect green space and preserve the existing 'character' of residential neighbourhoods. Areas that are designated as *Neighbourhoods* and *Apartment Neighbourhoods* in the OP are considered to be physically stable areas in which little physical change is foreseen.

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¹⁴ City of Toronto (2018, July) Profile Toronto: How Does the City Grow?, retrieved from <https://www.toronto.ca/wp-content/uploads/2018/07/9108-City-Planning-How-Does-The-City-Grow-July-2018.pdf>

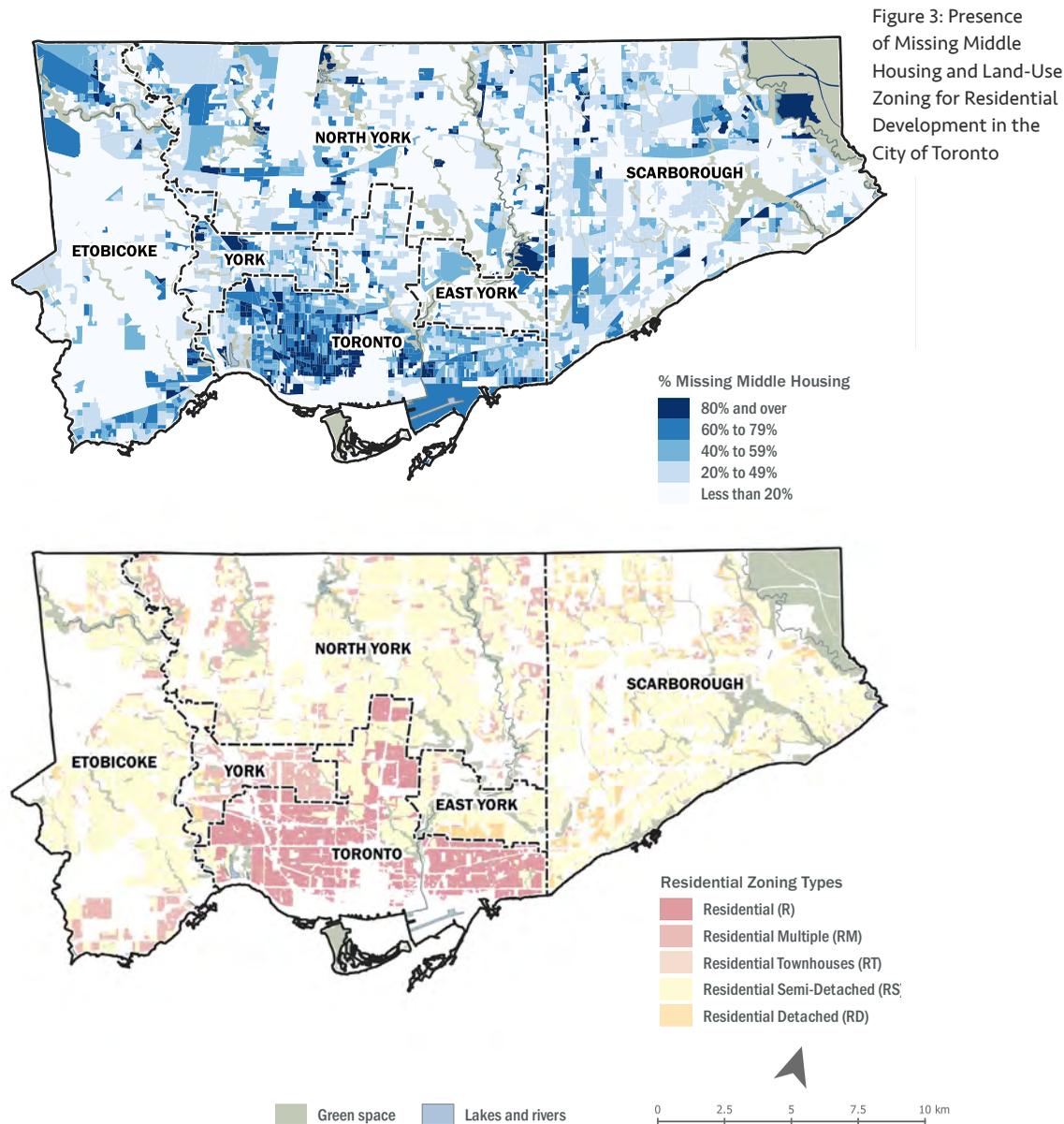


Figure 3: Presence of Missing Middle Housing and Land-Use Zoning for Residential Development in the City of Toronto

The City of Toronto’s zoning by-law permits land uses associated with the *Neighbourhoods* in five residential zones throughout the City. The purpose of two of these zones – Residential Detached (RD) and Residential Semi-Detached (RS) – is to provide lands for detached and semi-detached houses (see Figure 3), generally excluding the development of missing middle housing types. These two zones encompass the majority of the *Neighbourhoods* and are colloquially known as the ‘Yellowbelt’ because they prevent high- and medium-density development and are shaded yellow on the Land Use Map in the OP. A third zone – Residential Townhouse (RT) – similarly prevents denser development and excludes most missing middle housing types, with the exception of townhouses. The two remaining zones in the Residential Zone Category¹⁵ – Residential (R) and Residential Multiple (RM) – are also part of the *Neighbourhoods* but permit moderately denser housing types, including townhouses, duplexes, triplexes, fourplexes, and low-rise apartment buildings.

The City’s zoning by-law permits higher density land uses associated with *Apartment Neighbourhoods* in two zones throughout the City. However, the purpose of these zones is to provide areas for apartment buildings, which are often high-rise in form and extend beyond what many might consider to be part of the missing middle, along with small-scale retail. While the OP does allow for limited infill development in these areas, it is largely in areas zoned R and RM where the vast majority of existing missing middle housing types in Toronto can be found. In other words, missing middle housing is ‘missing’ not just from areas experiencing high levels of growth but also from residential neighbourhoods throughout much of the City.

Source: City of Toronto, Zoning By-Law 569-2013; Statistics Canada, 2016 Census of Canada.

¹⁵ There are also two zones within the Residential Apartment Zone Category of the Toronto zoning by-law that permit uses associated with lands designated as Apartment Neighbourhoods in the OP. However, the purpose of these zones is to provide areas for apartment buildings, thereby also excluding missing middle housing types.



WHY PAY ATTENTION TO THE MISSING MIDDLE NOW?

Toronto needs to provide for a full range and mix of housing types, tenures, and densities.

A central tenant of provincial and municipal planning policy in Ontario is the need for municipalities to provide an appropriate range and mix of housing types, tenures, and densities to meet the current and future needs of residents. This is reiterated in the Provincial Policy Statement, the provincial Growth Plan, and the Toronto OP. However, Toronto is falling behind on providing for a full range of housing, as the City's housing supply is increasingly characterized by particular housing types and densities – namely, high-density, high-rise condominium buildings and low-density, single- and semi-detached houses. In addition, where there are mid-range housing types and densities, they are concentrated in particular areas of the City. If Toronto is going to follow through on its commitment to provide a full range of housing to meet the current and future needs of residents, it will need to begin addressing the missing middle.



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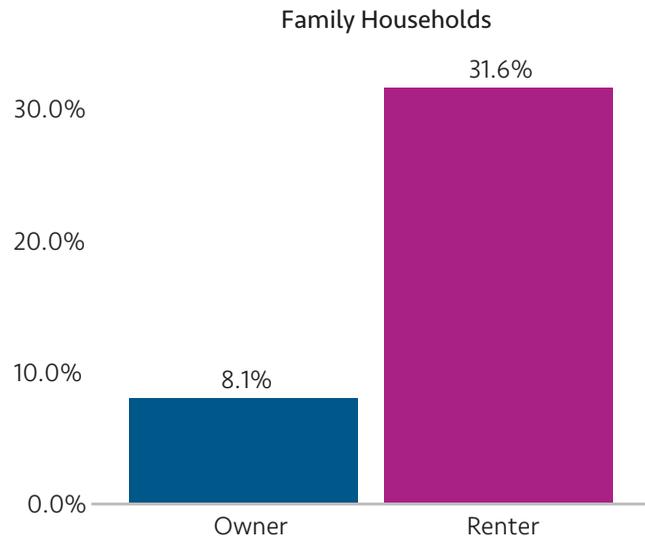
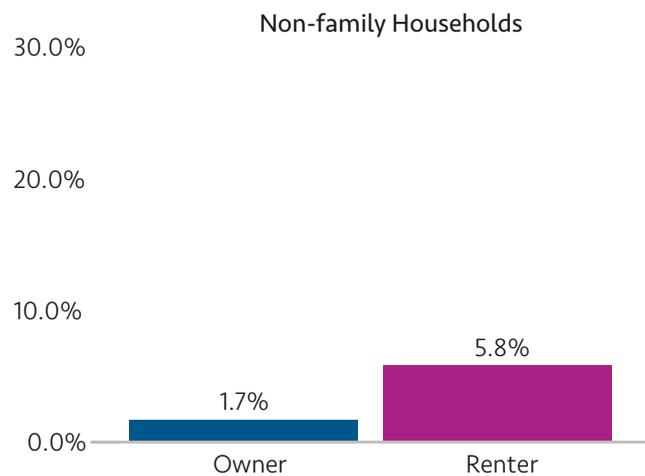


Figure 4. Percentage of Households in Unsuitable Housing in the City of Toronto by Family Type and Tenure



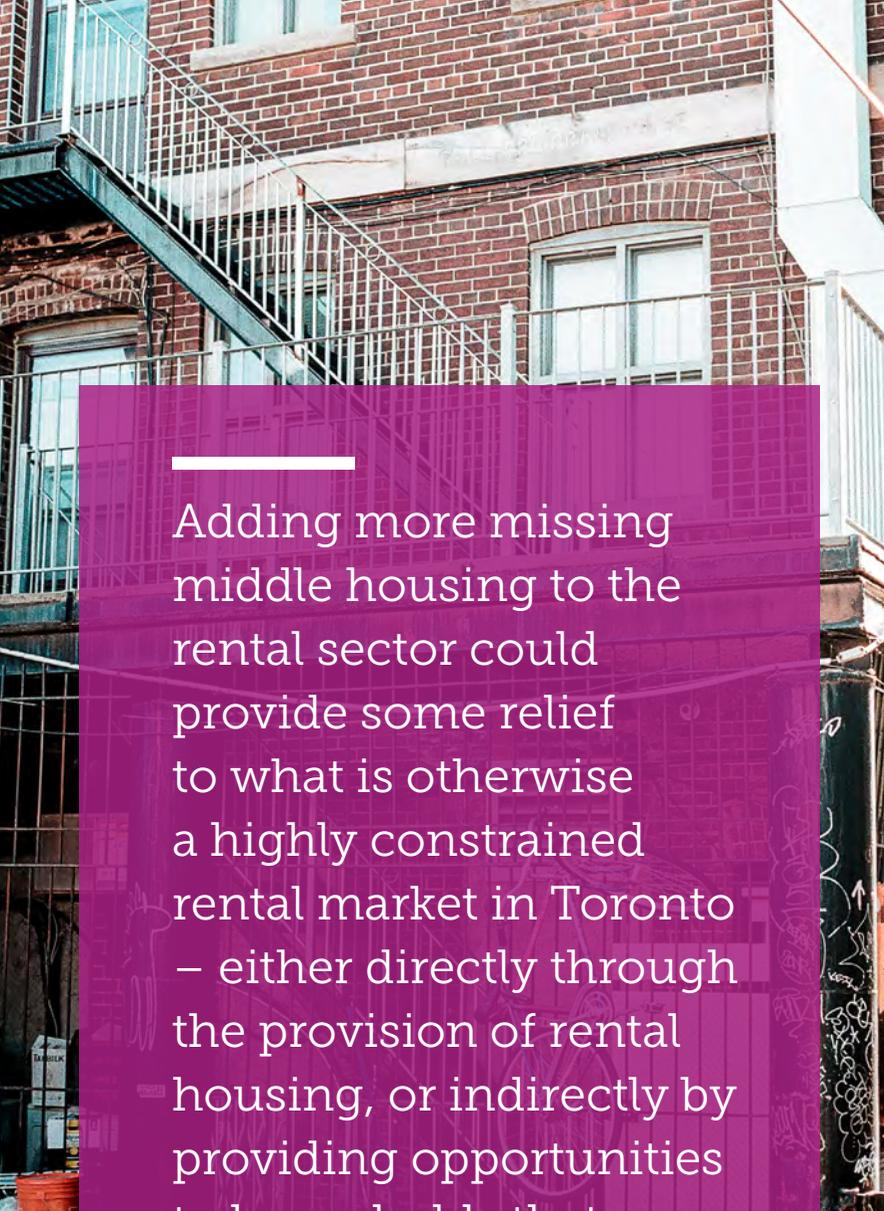
Source: Statistics Canada, 2016 Census of Canada

Many families are living in unsuitable housing.

One among many housing needs that are not being adequately addressed in Toronto is the need for suitable housing. CMHC defines *suitable housing* as housing with enough bedrooms for the size and makeup of resident households, according to National Occupancy Standards (NOS). Figure 4 demonstrates that incidence of unsuitable housing is more than three times higher among family households in the rental sector (31.6%) than among family households in the ownership sector (8.1%). At the same time, incidence of unsuitable housing among renting family households is more than five times higher than non-family households in both the ownership and rental sectors. In other words, close to *one third* of families who rent in Toronto experience overcrowding pressure by NOS standards.¹⁶

This underscores not only the need for more and larger rental units to meet the needs of family households, but also the importance of considering tenure when we talk about the missing middle. As a mid-range housing type that is larger in size than most dwellings in high-rise apartment buildings but denser and typically more affordable than single- and semi-detached houses, the missing middle built forms could go a long way toward providing suitable housing for families in Toronto.

¹⁶ Note that CMHC's unsuitable housing indicator is only a guideline and households that meet the criteria for unsuitable housing may well feel comfortable with their living arrangements



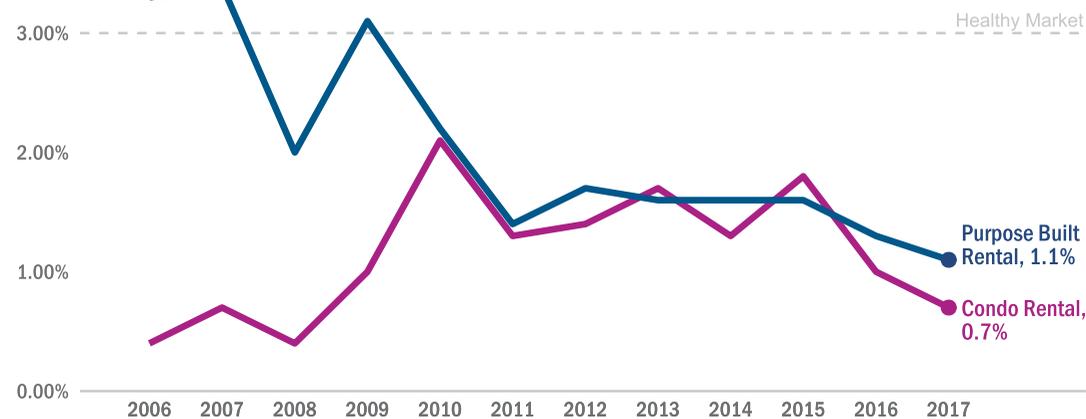
Adding more missing middle housing to the rental sector could provide some relief to what is otherwise a highly constrained rental market in Toronto – either directly through the provision of rental housing, or indirectly by providing opportunities to households that currently rent to move into ownership housing.

Available rental housing is difficult to find.

In the last decade, rental vacancy rates in Toronto have followed a downward trend. A vacancy rate of 3.0% is often considered a ‘healthy’ rental market, balancing housing choice and demand to maintain investment in rental housing. However, vacancy rates have recently fallen to 1.1% and 0.7% in the purpose-built and condo rental markets respectively.

The implications of low vacancy rates are wide ranging. With such a tight rental market, there is greater potential for price increases when units turn over, which can lead to large discrepancies in shelter costs among different segments of the rental market.

Similarly, low vacancy rates also mean that landlords can be highly selective with their tenants, potentially opening the door to housing discrimination.¹⁷ All of this can make the housing search particularly dire for more vulnerable and marginalized groups. Ultimately, adding more missing middle housing to the rental sector could provide some relief to what is otherwise a highly constrained rental market in Toronto – either directly through the provision of rental housing, or indirectly by providing opportunities to households that currently rent to move into ownership housing.



Source: Canada Mortgage and Housing Corporation, Rental Market Reports, 2006-2017

Figure 5. Average Rental Vacancy Rates in the City of Toronto 2006 to 2017

¹⁷ Ryerson City Building Institute and Evergreen (2017, October) Getting to 8,000: Building a Healthier Rental Market for the Toronto, retrieved from https://www.evergreen.ca/downloads/pdfs/2017/Gettingto8000_Report-web.pdf

Housing is becoming more expensive.

In recent years, growth in housing costs in Toronto have surpassed growth in household incomes. Between 2006 and 2017, the real average rent (all unit sizes) rose by 6.9% in the primary rental market, while the average condominium rent surged by 24.5% (see Figure 6). In addition, ownership housing is extending beyond the reach of many households. As Figure 7 demonstrates, between 2006 and 2016, the real median owner household income (2016 dollars) in Toronto¹⁸ grew by only 3% while our measure of house prices – the MLS® Home Price Index (Composite) – grew by approximately 38% over the same period.

With increases in the cost of housing, residents have less upward mobility on the housing ladder. Higher shelter costs can lead young people to delay their departure from the parental home and/or restrict tenant mobility. High rents also pose a burden to seniors who live on fixed incomes and can act as a barrier to senior homeowners who are considering selling their homes and downsizing.

Building more missing middle housing could provide a wider range of housing choices for households looking to move up or down the housing ladder, thereby freeing up more of the existing housing stock and helping to promote affordability.

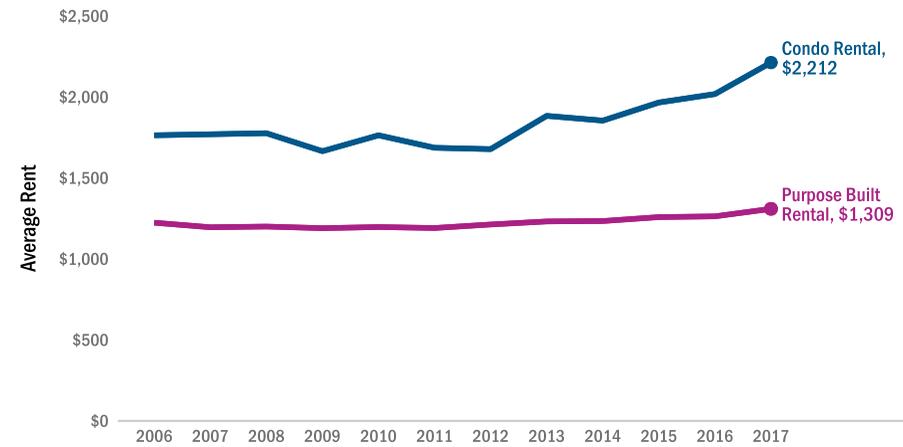


Figure 6. Change in Average Rent in the City of Toronto, 2006 to 2017

Source: Canada Mortgage and Housing Corporation, Rental Market Reports, 2006-2017; Figures in 2018 constant dollars.

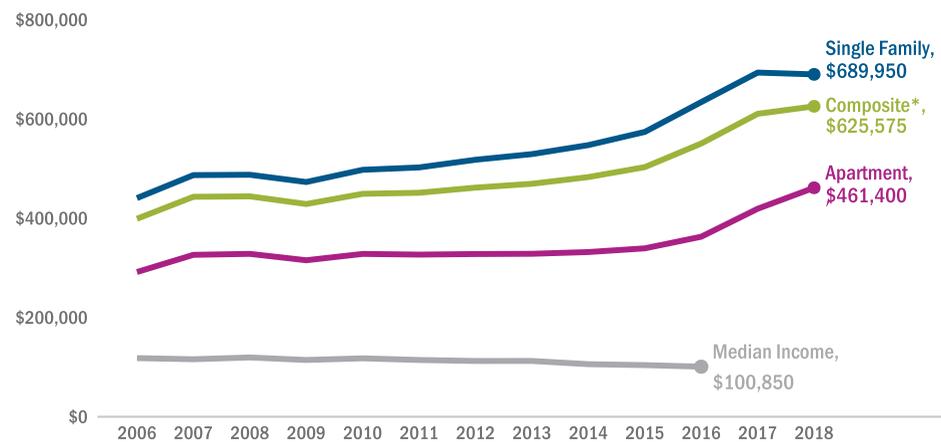


Figure 7. Change in Home Prices and Median Before-tax Income (Owner Households) in the Greater Toronto Area, 2006 to 2018

Source: MLS Home Price Index, 2006-2017; Canada Mortgage and Housing Corporation, Statistics Canada, Canadian Income Survey 2012-2015, Survey of Labour and Income Dynamics 2006-2011

Figures in 2018 constant dollars. Household income is for the Toronto Census Metropolitan Area (household income data not available for 2017 & 2018).

*Composite home price represents all homes including one and two-storey single family homes, townhouses, and apartments.

¹⁸ Unfortunately, data on median household income by tenure is available only for the Toronto Census Metropolitan Area (CMA) and not the City of Toronto. Keep this in mind when interpreting the graph above, as the median household income across both tenures is higher in the Toronto CMA than it is in the City of Toronto. In any case, the graph demonstrates that real house prices in Toronto have decoupled from real household incomes.

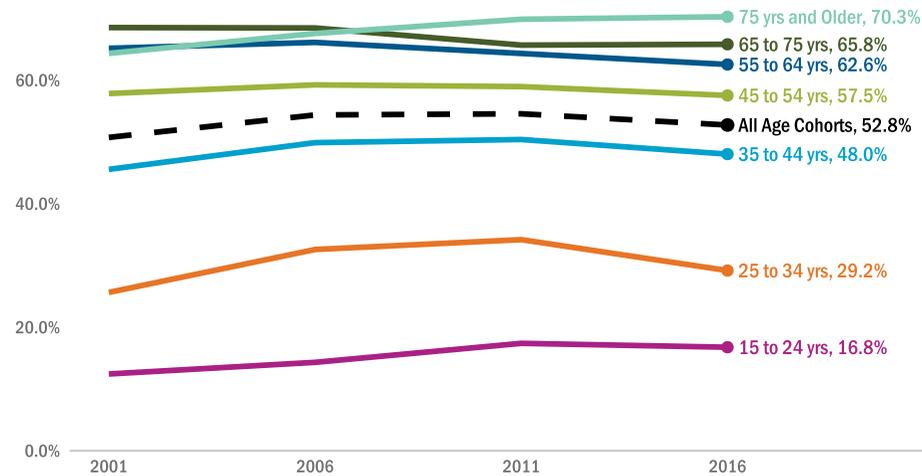


Figure 8. Home Ownership Rate from 2001 to 2016 by Age Cohort in the City of Toronto

Source: Statistics Canada, 2016 Census of Canada; 2006 Census of Canada.



Younger and middle-aged households are experiencing difficulty accessing the ownership market.

With the cost of homeownership growing at a faster rate than household incomes, increasing numbers of would-be, first-time home buyers in Toronto are being priced out of the ownership market. After years of household growth in the ownership sector, homeownership rates in Toronto (as in other Canadian cities) began to plateau around 2011 and have since declined. A breakdown of the declines in homeownership by age indicates which groups now face the biggest barriers to buying homes in Toronto.

Figure 5 demonstrates how homeownership rates have changed among different age cohorts in Toronto over the last

four Census periods. Between 2011 and 2016, the homeownership rate declined by 5.0 and 2.4 percentage points among the 25 to 34-year and 35 to 44-year age cohorts respectively, while the rate declined by only 1.4 and 1.8 percentage points among the 45 to 54-year and 55 to-65-year cohorts. Meanwhile, the oldest age groups experienced increases in homeownership. In other words, homeownership in Toronto has become increasingly concentrated among older age cohorts. In 2016, more than half (approximately 51%) of all ownership housing in the City of Toronto was owned by adults aged 55 years and older, up from approximately 45% in 2001.

The high cost of ownership housing in Toronto not only prevents young and middle-aged households from accessing homeownership but also has detrimental impacts on the rental market. According to the *Ryerson City Building Institute and Evergreen report Getting to 8,000: Building a Healthier Rental Market for the Toronto Area*,¹⁹ the rental system is increasingly faced with problems of affordability due, in part, to longstanding instability in the housing market as a whole. Because most middle-income earners can no longer afford to purchase housing on their own, they stay in the rental market. This has implications for those at the lower end of the housing spectrum because there is lower turnover of the rental stock, and thereby fewer units available for rental.

The Canadian Urban Institute report *Scaling-Up Affordable Homeownership in the GTA* draws a similar conclusion. In that report, Jeff Evenson states that “By directing eligible renter households into ownership housing, affordable rental units are freed up in tight rental markets for moderate- and low-income households. Some programs are also transitioning households from government supported affordable housing into ownership, which creates movement in social housing waiting lists.”²⁰ This is where mid-rise housing in Toronto can play a role in creating more opportunities to access affordable ownership housing.

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¹⁹ Ryerson City Building Institute and Evergreen (2017, October) *Getting to 8,000: Building a Healthier Rental Market for the Toronto Area*, retrieved from https://www.evergreen.ca/downloads/pdfs/2017/Gettingto8000_Report-web.pdf

²⁰ Canadian Urban Institute (2017), *Scaling-up Affordable Ownership Housing in the GTA*, retrieved from https://www.evergreen.ca/downloads/pdfs/HousingActionLab/HAL_AdvancingAffordableHome_FINAL.pdf



Ultimately, the current state of housing – including missing middle housing – cannot be resolved by government alone; innovative market housing also needs to be part of the solution.

A range of housing options is vital to the social, cultural, and economic health of the city.

Residents from a wide range of occupational, cultural, and socioeconomic backgrounds experience difficulty obtaining and maintaining access to housing in Toronto. While some residents have experienced success in their housing pathways, a lack of adequate, suitable, and affordable housing has pushed others to distant and often car-dependent communities that are poorly served by transit and located away from employment opportunities. This is leading to uneven and inequitable concentrations of wealth and poverty and deepening the divide between neighbourhoods.²¹ Others suggest that people are fleeing the City as a result of the high cost of housing.²²

If Toronto can no longer provide a range of housing options for everyday households, it is at risk of losing its social and cultural vibrancy. Ultimately, the current state of housing – including missing middle housing – cannot be resolved by government alone; innovative market housing also needs to be part of the solution.

²¹ Hulchanski, J. D. (2010) The Three Cities Within Toronto: Income Polarization Among Toronto's Neighbourhoods, 1970-2005, Toronto, ON: University of Toronto Cities Centre.

²² Better Dwelling (2018, May 14) Millennials Leaving Toronto, Vancouver, Statistics Canada Data Shows, Huffington Post.

**NEXT STEPS: ADVANCING
SOLUTIONS TO MISSING
MIDDLE CHALLENGES**



The public, private, and non-profit sectors all have a role to play in addressing our shared housing challenges. As a coalition of organizations, we will continue to champion innovative housing solutions that work for Torontonians. This paper ends by identifying potential areas for further exploration and actions that can be developed to help address missing middle challenges.

Explore options for adding 'gentle' density to Toronto's neighbourhoods.

The City of Toronto zoning by-law restricts missing middle housing types in many parts of the City in order to implement the OP's objective of preserving the physical 'character' of Toronto's Neighbourhoods, and this has been identified as a significant challenge. Covering 297.1 km², two thirds of Toronto's residential land is zoned as Residential Detached (RD) or Residential Semi-Detached (RS), in which the only type of dwelling unit permitted is a detached or a semi-detached house.²³

Many of the areas that are zoned RD and RS are well-connected and amenity rich — for example, they

are often close to jobs, schools, parks, libraries, and other public assets – but are experiencing population stagnation or decline.²⁴ Opening these areas to gentle density through missing middle housing could create opportunities to increase housing supply, diversify Toronto's housing stock, and breathe new life into Toronto's residential neighbourhoods.

We need answers to a range of questions about gentle density such as:

- What would an Official Plan Amendment (OPA) allowing gentle density in the Neighbourhoods look like?
- Where in Toronto does it make sense to promote gentle density?
- How can permissions for gentle density be leveraged to support the production of more private rental housing in Toronto?
- Is there potential for new coalitions of affected groups to promote more affordable, family-size housing in residential neighbourhoods?
- What non-regulatory barriers are preventing increased gentle density?
- How many properties have already been converted from single- to multi-unit housing and where in the city are these changes occurring?

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²³ Case, C. and Bailey, T. (2016), Protecting the Value of Residential Neighbourhoods, retrieved from <https://drive.google.com/file/d/0ByL3pcPk3ta5Z3RPTIR5RW9nckk/view>

²⁴ An estimated 45 percent of Census Dissemination Areas in which at least half of the lands are zoned RD or RS experienced population stagnation or decline between the 2006 and 2016 Censuses. Source: Statistics Canada, Census of Canada 2016

Explore specific zoning alternatives.

Provincial and municipal planning policy supports intensification and increased density along Avenues and around transit. However, in many parts of Toronto, the zoning is outdated. For instance, a 2015 report published by the Pembina Institute states that “many zoning bylaws in GTA municipalities have not been updated in decades, so they don’t reflect the evolving nature of our cities or the provincial goal to build upward and inward.”²⁵ The following are some specific examples of zoning solutions that should be explored (along with others) to promote an increased supply of missing middle housing:

Pre-zoning is a method for implementing local planning policy by developing zoning provisions that conform to a municipality’s OP. Once an area is pre-zoned, development that meets the zoning provisions and is in accordance with the OP can move ahead

as-of-right. For example, pre-zoning is an option to target intensification to certain areas by establishing permissions for higher densities, higher building heights, and a wider range of land uses. Pre-zoning can improve transparency and create certainty for developers. It also has the potential to fix land costs and reduce speculation regarding land value, thereby reducing the cost and risk of development. With the necessary planning policy amendments, pre-zoning could make the process of building missing middle housing more attractive.

Enhancement Zones are a potential tool to encourage mid-rise development on shallow properties along Avenues. The concept of the Enhancement Zone was developed during the City of Toronto Avenue Study for St. Clair Avenue West between Bathurst and Keele Streets.²⁶ Enhancement

Zones generally consist of a widened laneway and parcels of land that are free of any structures. The Zones function as buffer areas between the rear of an Avenue property and adjacent residential properties.

Enhancement Zones grant mid-rise development permissions to properties where existing lot depths would otherwise be unable to accommodate mid-rise development due to the inability to meet setback and other requirements. They would effectively allow developments along *Avenues* to meet maximum allowable heights while meeting requirements for the transition from *Avenues* to *Neighbourhoods*. In 2010, City of Toronto staff determined that Enhancement Zones should be considered only as a local solution through a local study process involving community consultation.²⁷

²⁵ Burda, C. and Collins-Williams, M. (2015) Making Room for Midrise, Toronto, ON: Pembina Institute.

²⁶ City of Toronto (2009, May 11) City Initiated Avenue Study for St. Clair Avenue West between Bathurst Street and Keele Street – Final Report, retrieved from <https://www.toronto.ca/legdocs/mmis/2009/pg/bgrd/backgroundfile-21310.pdf>

²⁷ City of Toronto (2010, June 1) Avenues and Mid-Rise Buildings Study and Action Plan – Supplementary Report, retrieved from <https://www.toronto.ca/legdocs/mmis/2010/pg/bgrd/backgroundfile-30801.pdf>



Inclusionary zoning (IZ) is a tool that municipalities may use to require affordable housing units to be included in new residential developments. The Province of Ontario's new IZ regulation requires municipalities that wish to implement IZ to establish the parameters of how it would apply and function in their OPs and zoning by-laws. While IZ can be applied only to residential units containing 10 units or more, IZ is one option for creating more affordable units. If combined with pre-zoning, IZ could also create more transparent land valuations that phase in the cost of affordable housing over time.

Supporting second units and single lot strata. While the Toronto OP and zoning by-law permit second units (self-contained residential units in detached houses, semi-detached houses, and townhouses), there is room for zoning changes to encourage their development, particularly now that a review of the zoning for second units is currently underway. Such changes may include, for example, allowing

the creation of more than one second unit in a home or reducing the minimum length of time that must elapse after a home is constructed before a second unit can be created. The City may also consider incentives and programs that offer funding to homeowners who create affordable rental units in their homes – an approach that is currently being explored in the Waterloo region.²⁸

While second units are one tool for creating more rental supply, zoning changes could also support the division of houses into condominium units, which could promote access to more affordable ownership options that are not inside high-density residential towers. This approach would allow homeowners to access their home equity and help to gently increase density in residential neighbourhoods. It would make use of existing social infrastructure, allowing people to continue to age in place while breathing new life into neighbourhoods.



²⁸ Weidner, J. (2018, August 20) New program for homeowners aims to add affordable housing in region, TheRecord.com, retrieved from <https://www.therecord.com/news-story/8850190-new-program-for-homeowners-aims-to-add-affordable-housing-in-region/>

Explore options for reducing development costs for mid-rise and other missing middle housing types.

Mid-rise is a built form that may be acceptable in areas of the city where high-rise would meet opposition while introducing enough density to create significant new housing supply. However, unfavourable market conditions and overly restrictive planning regulations can make the development of mid-rise and other forms of missing middle housing economically undesirable.²⁹

There is a need to explore additional options for reducing the cost of building mid-rise and other middle missing housing types. These may include new building techniques like mass timber construction using prefabricated wood members for wall, floor and roof construction as well as streamlining environmental assessments and planning and pre-development processes, introducing variable development charges, introducing new financial incentive or grant programs, and providing loan guarantees to reduce rental developers' cost of capital. There is a need to look at the range of available options for stimulating private sector participation in mid-rise and missing middle housing development.



²⁹ Burda, C. and Collins-Williams, M. (2015) Making Room for Midrise, Toronto, ON: Pembina Institute.

Conclusion and Next Steps

Encouraging the development of more missing middle housing is a challenge that requires varied and layered solutions. This research brief has provided a framework for understanding the missing middle in Toronto, as developed through conversations with, and feedback from, the Missing Middle Working Group. Our framework consists of three lenses – built form, tenure, and location – and reveals that there is a shortage of mid-range ownership and rental housing types in residential neighbourhoods throughout Toronto.

With a mounting list of housing challenges facing Toronto residents – including unsuitable housing, low vacancy rates, and high housing costs – the time is right to address the missing middle. This paper identifies some key areas for further exploration, such as zoning reforms, development approval processes, and innovative techniques and built forms.





APPENDIX

Appendix 1 – Evergreen Housing Action Lab Missing Middle Working Group Members

1. Ana Bailão, Toronto City Councillor, Ward 18
2. Derek Ballantyne, DKGi
3. Pedro Barata, United Way Toronto & York Region
4. Paul Bedford, Former City of Toronto Chief Planner
5. Brad Bradford, City of Toronto
6. Ariana Cancelli, Canadian Urban Institute
7. Cheryll Case, CP Planning
8. Robert Cerjanec, Chief of Staff, Ward 18
9. Mike Collins-Williams, Ontario Home Builders' Association
10. Jeff Evenson, Canadian Urban Institute
11. Julie Fader, Evergreen
12. Robert Freedman, Freedman Urban Solutions Ltd
13. Sean Gadon, City of Toronto
14. Sean Galbraith, Galbraith & Associates
15. Michelle German, Evergreen
16. Doug Gould, Toronto Region Board of Trade
17. Graham Haines, Ryerson City Building Institute
18. Alisse Houweling, KAAV LIVING
19. Richard Joy, Urban Land Institute
20. Paul Kershaw, Generation Squeeze
21. Anna Kramer, University of Toronto
22. Gregg Lintern, Chief Planner & Executive Director Toronto City Planning
23. Leith Moore, Waverley Projects
24. Hadley Nelles, New Commons
25. Michael Noble, City Planning, City of Toronto
26. Jennifer Reynolds, Toronto Financial Services Alliance
27. Paul Smetanin, CANCEA
28. Paula Tenuta, Building Industry & Land Development Association
29. Heather Tremain, Options for Homes
30. Joe Vaccaro, Ontario Home Builders' Association
31. Annabel Vaughan, ERA Architects
32. Jack Winberg, Rockport Group
33. Derrick Wong, City Planning, City of Toronto