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THE WHY

THE HUMAN STORY OF WORKFORCE HOUSING

CIVIC ACTION
MISSION: AFFORDABLE

Supported by: TD

ABOUT THE

TD HOUSING AFFORDABILITY LEADER-IN-RESIDENCE PROGRAM

Paper 1: The Why | **Paper 2: The Math** | **Paper 3: The Solutions** | **Paper 4: The Action Plan**

This Call-to-Action Paper is the first in a series of four research publications produced by CivicAction TD Housing Affordability Leaders-in-Residence, Jeanhy Shim and Mukhtar Latif. Adding to other reports, data, and research by CivicAction, including the Boston Consulting Group and CivicAction 2025 report, *Greater Toronto and Hamilton Area Housing Crisis: Hidden Costs, Bold Solutions*, this series examines the housing challenge for middle-income workers in the Greater Toronto and Hamilton Area and proposes actionable solutions to address this critical issue.

The TD Housing Affordability Leader-in-Residence Program and Call-to-Action Papers were generously funded by TD Bank Group (TD).

ABOUT

CIVICACTION AND THE HOUSING AFFORDABILITY COLLABORATIVE

CivicAction is a catalyst for positive change, turning collaboration and civic engagement into action to build livable, inclusive cities in the Greater Toronto and Hamilton Area (GTHA).

Formed in 2024, CivicAction's **Housing Affordability Collaborative** is a cross-sectoral group of leaders committed to taking comprehensive action on housing affordability and to answering the question "How can we all work together to make a more livable region?" Members: raise public awareness about the scale, urgency, and severity of housing affordability issues to drive more coordinated action by decision-makers; support these decision-makers with clear, data-driven insights on both challenges and solutions; and mobilize and embolden leaders from all sectors to drive policy changes and invest in creative, scalable solutions to solve the housing crisis in the GTHA. The Collaborative includes:

Richard Abboud (Founder & CEO, Forum Asset Management)
Ron Alepian (Chief Corporate Affairs Officer, TD Bank Group & Board Director, CivicAction)
Anne Babcock (President & CEO, Woodgreen)
Dr. Andrew Boozary (ED - Social Medicine & Population Health, UHN)
Brad Carr (CEO, Mattamy Homes Canada)
Tim Coldwell (President & CEO, Énska Advisors)
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Jaime Watt (Executive Chairman, Navigator)
Ray Williams (Chair, Co-Founder, Black Opportunity Fund)
Leslie Woo (CEO, CivicAction)

Why focus on middle-income workers?

These residents form the backbone of our communities—nurses, teachers, skilled tradespeople, first responders, and countless others who provide essential services that keep our neighbourhoods vibrant and functioning. Yet despite steady employment, they are increasingly becoming our region's "invisible poor"—often overlooked because they have jobs and are assumed to be managing, even as rising costs push them towards financial precarity.

As housing costs consume ever-larger portions of their incomes, these working families face impossible choices that no contributor to our region's prosperity should have to make. They represent the most vulnerable point in our housing system: earning too much to qualify for traditional affordable housing programs, but not enough to secure stable housing in today's market.

This focus complements, rather than competes with, efforts to address homelessness.

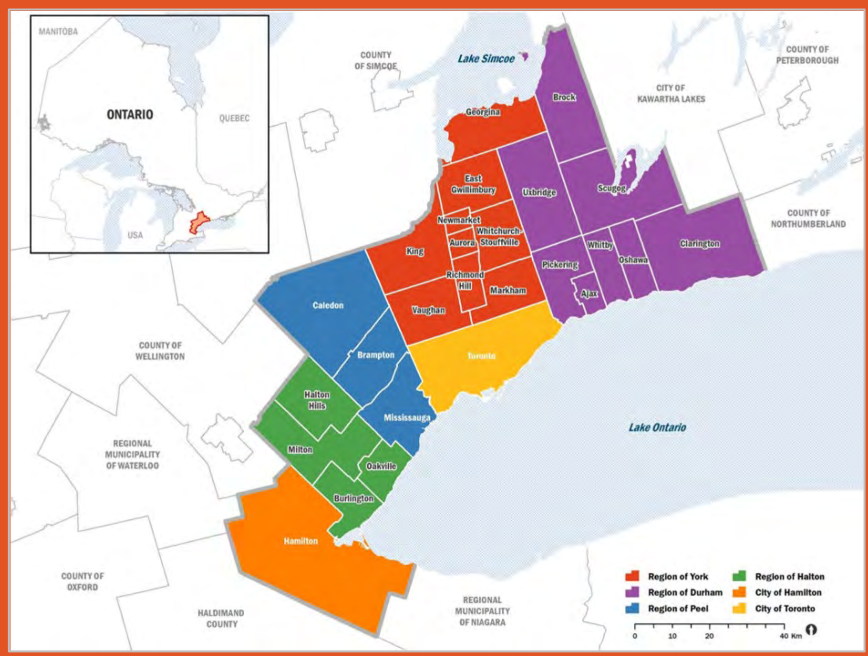
Workforce housing represents a critical prevention strategy within the broader housing continuum. Today's middle-income worker struggling with unaffordable rent can become tomorrow's individual and family experiencing housing insecurity or homelessness. By addressing workforce housing challenges proactively, we can prevent the downstream crisis that occurs when working people and families are pushed beyond their financial breaking point.

Therefore, responses to homelessness and workforce housing solutions are not competing priorities; instead, they are complementary approaches that together create a more resilient housing system. A comprehensive strategy requires intervention at multiple points along the housing continuum, from prevention through to crisis response and long-term stabilization.

Note on Geography:

The Greater Toronto and Hamilton Area (GTHA) includes six regions (census divisions) and 26 municipalities (census subdivisions:

- Toronto Region—includes the (amalgamated) City of Toronto
- Hamilton Region—includes the (amalgamated) City of Hamilton
- Halton Region—includes Burlington, Oakville, Milton and Halton Hills
- Peel Region—includes Mississauga, Brampton and Caledon
- York Region—includes Vaughan, Richmond Hill, Markham, Newmarket, Aurora, Whitchurch-Stouffville, East Gwillimbury, King and Georgina
- Durham Region—includes Pickering, Ajax, Whitby, Oshawa, Clarington, Uxbridge, Scugog and Brock



Source: GTHA Municipalities Map produced by Jonathan Critchley using the Government of Canada Open Government Municipal Boundaries dataset

It is also important to note that the geographic area of the GTHA is very different from two other commonly used geographic terms of reference:

- Greater Toronto Area (GTA) is similar to the GTHA but excludes Hamilton Region.
- Toronto Census Metropolitan Area (CMA) is different from the GTHA as it excludes Hamilton Region and the municipalities of Burlington (in Halton Region) and Whitby, Oshawa, Clarington, Scugog, and Brock (in Durham Region), but includes the municipalities of Bradford-West Gwillimbury and New Tecumseth (in Simcoe Country) and Orangeville and Mono (in Dufferin County).

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Introduction

Our region stands at a crossroads.
In neighborhoods across the Greater Toronto and Hamilton Area (GTHA), a growing crisis unfolds largely unseen.

- Teachers who educate our children commute over two hours daily because they cannot afford to live in the communities they serve.
- Nurses who staff our hospitals share cramped apartments with multiple roommates despite years of professional experience.
- Skilled tradespeople essential to building the homes our region live in precarious housing situations themselves.
- Personal support workers who care for our seniors are spending nearly all of their wages on housing with little left over for their own families or their own futures.

These are just a few examples illustrating the real challenges facing our middle-income workers who power our cities, region, and economy. Yet within this challenge lies an opportunity to reimagine how we house our middle-income workforce, creating solutions for stable, suitable, and affordable housing that serves everyone struggling to find and keep homes near their workplaces and/or the neighbourhoods and communities they serve.

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Executive Summary

This paper examines how housing unaffordability for the GTHA's middle-income workforce has created both an immediate social challenge and a long-term economic threat. Behind the statistics are real people making impossible choices between career, family, financial stability, and quality of life—choices that no one who is working hard and earning a reasonable middle-income wage should have to make. Our findings reveal that addressing workforce housing is not simply a social imperative but an economic necessity for the continued prosperity of the GTHA.

The middle-income workforce crisis in the GTHA is reaching a breaking point and already costing the region billions while threatening our economic future. Yet this crisis is not being driven by a lack of jobs or economic decline as the GTHA is an "economic powerhouse" responsible for half of Ontario's GDP and one-fifth of Canada's GDP. Instead, the region has become somewhat of a "victim of its own success" as the main culprit driving this middle-income workforce crisis is housing unaffordability.

THE MIGRATION REALITY

Behind the headline-grabbing numbers reporting record-high population growth in the GTHA—surpassing seven million residents in 2021 and projecting to have reached over eight million residents in 2024, there are worrying numbers showing that the GTHA is also hemorrhaging talent.

In the past decade, over half a million residents (522,191 residents) living the GTHA moved to other Ontario regions or other provinces (31,227 residents), and an analysis of which regions or provinces they were moving to suggests that they were likely primarily driven by housing affordability. This means that for every two international immigrants settling in the GTHA, one established resident leaves for more affordable areas.

Young families lead this exodus with 37% aged 25-39 years, taking their skills, tax contributions, and community engagement with them.

THE SCALE OF THE CRISIS

Whereas housing unaffordability used to be something that only lower-income earners struggled with, “the math” is also not working anymore for a growing number of residents in the GTHA who are working full-time and earning reasonable middle-income wages.

These middle-income earners are literally the backbone of our neighbourhood and communities, including healthcare workers, education professionals, first responders, construction, and skilled trades workers, transportation workers, service sector workers, arts and culture workers, and public sector workers.

Yet the numbers tell a stark story as nearly one million “essential workers” across the GTHA earning good, middle-income wages from $52,000 to $104,000 annually are now struggling to secure stable and affordable housing in today’s market. Ironically, they earn too much to qualify for traditional housing support programs, so housing costs now consume a significant portion of their incomes (45-63%) and well above the 30% threshold experts consider sustainable.

And forget about the dream of home ownership anywhere in the GTHA where the current entry level annual qualifying income to purchase a resale home is well over $200,000.

But not everyone can leave, so they remain in unaffordable, unsuitable, or crowded housing that diminishes not only their own health and productivity, but also opportunities for their children who are our future workforce.

THE HIDDEN COSTS MULTIPLY

Personal health, family life, children, and community all suffer under these pressures as “housing adaptations” come with serious costs.

The latest survey on the financial well-being of Canadian households found that 56% are having trouble with financial commitments and 33% are consistently short on money at the end of the month. As a result, the Toronto Daily Bread Food Bank is reporting food bank usage is at record-high levels with most of this growth coming from working, middle-income families, and City of Toronto numbers show that 11% of clients living in their shelters in 2021 reported that they were working. Childhood poverty is also back on the rise in the GTHA, particularly in families struggling with housing affordability, which immediate impacts are already being felt and long-term impacts will be coming.

Our survey of middle-income workers in the GTHA also reveals the “human reality” behind these statistics:

67.7%

have actively considered changing jobs or moving within the past three years.

66%

spend over 30% of their income on housing, with 29% spending over 50% of their income.

64%

report being late or missing work regularly due to commuting challenges.

55%

report the highest stress levels about their housing situation.

For our workers, these struggles also translate into significant negative impacts on their personal well-being, family lives, and quality of life, which risks leading to the bigger question of:

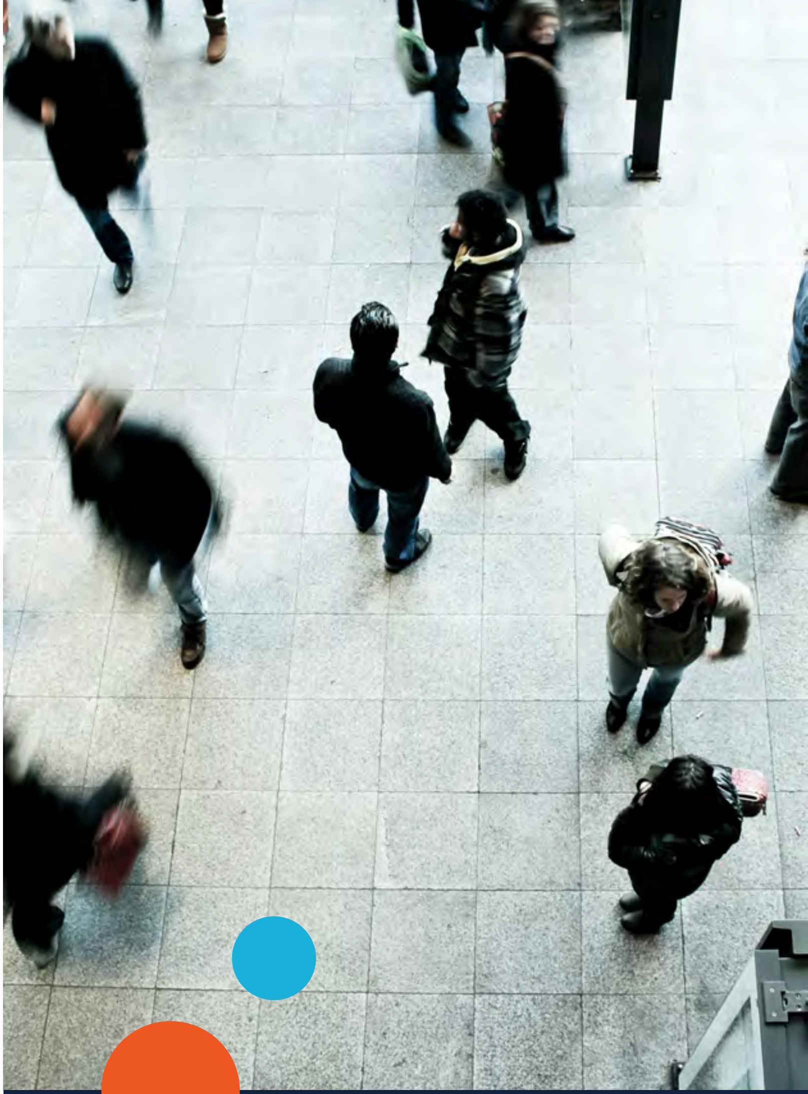
“Is staying in the GTHA worth it?”

THE BUSINESS IMPACT IS ALREADY HERE

For businesses, the growing personal struggles among middle-income workers translate into measurable impacts including: increased absenteeism, reduced productivity, higher turnover, and difficulty filling essential positions. So this isn't a ”looming crisis”—it is happening now, with quantifiable costs:

- $5.88 to $7.98 billion annually in direct economic losses to the GTHA economy.
- 68% of businesses report difficulty attracting talent due to housing costs.
- 42% of businesses are considering relocation specifically due to workforce housing challenges.
- 22% increase in average recruitment costs over five years.
- $2.3 million annually in turnover-related costs for a mid-sized organization with 500 employees.

Essential service delivery is compromised when healthcare workers, educators, and first responders can't live near their workplaces.



Two hundred and seventy thousand essential workers now commute more than 90 minutes each way, creating productivity losses of $0.65 to $1.95 billion annually.

THE BUSINESS CASE FOR ACTION

Every dollar invested in workforce housing generates $4.30 in reduced social and infrastructure costs.

Businesses that invest in workforce housing solutions see:

31%

reduction in turnover.

22%

decrease in absenteeism.

28%

improvement in on-time arrivals, and measurable increases in employee satisfaction and engagement.

Beyond individual company benefits, workforce housing investments also create more stable operating environments, expanded labour pools in key locations, reduced infrastructure costs passed through as taxes, and a 2.3x multiplier effect on local economic activity.

Housing availability has also become a "Top-5" factor in corporate location decisions. So, regions that solve for workforce housing will attract and retain the businesses and talent that drive economic growth; whereas those that don't will watch their competitive advantage erode as companies relocate to areas where their employees can afford to live.

Simply put, the GTHA's status as an economic hub depends on housing the workforce that powers our $400+ billion regional economy. When those who make our region function cannot afford to call it home, our entire economic foundation is at risk.

THE OPPORTUNITY

The GTHA housing market is in a very challenging position currently as the intricate interplay of several forces is reinforcing and amplifying both intended and unintended outcomes. But the “good news” is that we know what these forces are and how we got to this point—by allowing population growth to outpace housing supply; allowing the housing supply growth to be constrained by process and political choices; allowing wage growth to disconnect from housing prices; allowing the financialization of housing into a commodity; and allowing the mismatch of housing supply and demand.

So, this means that we can now take different decisions, actions, and proactive measures to address, reverse, or minimize many of the negative outcomes on our housing market. It is not too late.

What makes middle-income housing affordability even more unique is that it sits at the intersection of market rate and affordable housing—requiring new thinking, new partnerships, and new approaches. Therefore, the solution will require unprecedented coordination, cooperation, and action from all stakeholders, including employers, developers, financial institutions, municipal, provincial and federal governments, and non-profit organizations.

In essence, this crisis represents a massive business opportunity for the region.

Forward-thinking employers, developers, and investors who act now will gain significant advantages in talent attraction, operational efficiency, and market positioning. The models exist, the need is quantified, and the returns are proven, so the question isn’t whether to address workforce housing; rather who will lead and capture the competitive advantages of early action?

The choice is clear: invest in workforce housing solutions today, or pay exponentially higher costs tomorrow through lost talent, reduced productivity, and diminished regional competitiveness. Regions that act decisively will thrive, and those that wait will find themselves increasingly constrained by the very challenges this crisis has created.

What is the Problem?

A growing number of residents in the GTHA who are working full-time and earning reasonable, middle-income wages cannot find homes to own or rent at an affordable price.

These diverse workers, who are the backbone of our neighbourhoods and communities, struggle to cover their basic expenses like food, utilities, transportation and childcare; never mind having “a little left over” for entertainment or leisure, or to “save for a rainy day” for unexpected expenses.

These workers represent what housing experts have termed the “missing middle”—i.e. households earning too much to qualify for traditional affordable housing programs, yet not enough to secure stable, appropriate housing in the private market.

According to the Canadian Centre for Economic Analysis (2023), this includes households earning between 60% and 120% of the Area Median Income, which in the GTHA translates to approximately $52,000 to $104,000 for a family of four in 2024.

> NOTE: This middle-income definition aligns with data from Boston Consulting Group and CivicAction’s 2025 report which refers to households earning $40,000 to $125,000 annually as the “squeezed-out working population”, as well as Toronto Region Board of Trade and WoodGreen’s 2022 report, *Housing a Generation of Workers*, which identifies workforce housing as typically targeting households earning between $40,000 to $65,000 annually.
>
> This definition also overlaps in part with the City of Toronto Housing Now program that targets a diverse range of incomes, including deeply affordable homes, by setting rents between 40% to 80% of the City’s average market rents.

For these middle-income workers, the math simply doesn’t work anymore.

Housing costs now consume such a large share of earned incomes that many households now face impossible budgeting decisions every month.

In fact, the gap between what these workers earn and what housing costs are in our region has widened to unprecedented size. While housing has long been expensive in parts of the GTHA, what makes today's situation a crisis is the accelerating disconnection between wages and housing costs, even for our skilled and middle-income earning workers.

The severity of the housing affordability crisis in the GTHA is starkly illustrated through both Local Affordability Ratios (LAR) and current price-to-income metrics. The most recent LAR data from the Canadian Centre for Economic Analysis (2018) showed the GTA at 6.2 times median income and Toronto at 9.2 times, and updated data from the National Bank of Canada's report, Housing Affordability Monitor: Q4-2024, reveals the situation has deteriorated dramatically across the broader GTHA region.

In Q4-2024, Toronto's price-to-income ratio has reached 11.8 times median household income, while Hamilton sits at 9.7 times median income.

This means Toronto homebuyers now need to dedicate 76.9% of their median household income just to make mortgage payments, while Hamilton residents require 63.2%—both figures far exceeding the 30% threshold that housing experts consider affordable.

The qualifying annual income needed to purchase an average home has reached $234,981 in Toronto and $214,025 in Hamilton, compared to actual annual median household incomes of $100,401 and $96,111, respectively.

This represents a dramatic deterioration from 2018 levels, with Toronto's LAR ratio worsening from 9.2 to 11.8 times median income—a 28% increase in just six years. Housing experts generally consider LAR ratios above three to four times income as indicating unaffordability for most middle-income households. The current GTHA figures demonstrate how the gap between earning potential and housing costs fundamentally exclude middle-income workers from homeownership across the region.

These stark figures quantify what hundreds of thousands of residents across the GTHA region experience daily: a profound disconnection between earning potential and housing costs that has dramatically altered life choices, family and career decisions, and quality of life.

The result is a "perfect storm" where middle-income workers face two equally problematic choices:

1. move away from the region in search of more affordable housing—taking their skills and contributions with them; or

2. remain in unaffordable, unsuitable, and/or crowded housing that diminishes not only their productivity but also opportunities for their children (our future workforce), and the future prosperity of the GTHA.

Data from Statistics Canada illustrates the growing number of residents who are moving out of the GTHA or relocating within the GTHA.

INTRA-PROVINCIAL MIGRATION

In the 10-year period from 2014 to 2024, a net total of 522,191 residents living in the GTHA moved to other regions in Ontario.

This net out-migration was particularly acute in Toronto and Peel Regions, but interestingly, Durham, Halton, and Hamilton Regions were net beneficiaries within the GTHA, likely due to their relatively lower home prices.

Intra-Provincial Net Migration by Region in Greater Toronto and Hamilton Area (GTHA)
10-Year Period: 2014-2015 to 2023-2024

REGION*	Pre-COVID						Post-COVID				Total	Pre-Covid	Post-Covid
	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24			
TORONTO	-25,152	-28,073	-30,124	-31,526	-33,134	-35,584	-48,213	-56,976	-39,356	-37,143	-365,281	-183,593	-181,688
HAMILTON	1,267	1,232	2,087	1,183	1,827	3,356	3,753	2,576	3,297	3,593	24,171	10,952	13,219
HALTON	4,079	3,428	1,783	2,529	5,152	5,092	2,582	2,085	2,561	1,153	30,444	22,063	8,381
PEEL	-7,648	-10,419	-14,890	-19,369	-22,045	-28,825	-31,961	-44,668	-37,177	-34,204	-251,206	-103,196	-148,010
YORK	-2,377	-5,218	-9,985	-4,700	103	-335	-1,603	-6,205	-3,971	-4,561	-38,852	-22,512	-16,340
DURHAM	6,017	5,743	4,098	4,747	6,320	9,631	10,666	10,824	10,215	10,272	78,533	36,556	41,977
TOTAL:	-23,814	-33,307	-47,031	-47,136	-41,777	-46,665	-64,776	-92,364	-64,431	-60,890	-522,191	-239,730	-282,461

Source: Statistics Canada * Regions are defined as "Census Division" in Statistics Canada data

Typically, migration is driven primarily by employment growth where people tend to move to places with more and/or better job opportunities. Arguably, the increase in "work-from-home" or hybrid work arrangements stemming from the COVID-19 pandemic starting in 2020 were also significant catalysts for workforce migration. Yet the past decade had been a strong period of prosperity in southern Ontario, particularly in the GTHA which has always been an economic engine for Ontario and Canada with millions of new jobs created as a result.

Moreover, a comparison of pre- and post-COVID net migration data shows relatively little change in the overall out-migration trend that has been consistently high since 2014, particularly in Toronto and Peel Regions.

This means that other factors have been driving migration patterns in the GTHA—i.e. the search for housing affordability, as suggested when analyzing exactly where residents were moving, particularly to regions offering lower housing prices relative to the GTHA.

Specifically, Durham and Hamilton Regions were the top destinations for relocating within the GTHA. The top five destinations for residents moving outside of the GTHA included:

1. Simcoe Region (includes Barrie, Collingwood, Orillia);
2. Niagara Region (includes St. Catharines, Niagara Falls);
3. Middlesex Region (includes London);
4. Ottawa Region (includes Ottawa) and Brant Region (includes Brantford); and
5. Wellington Region (includes Guelph).

In other words, as housing continued to become more expensive in the GTHA, it is likely that residents started to move out looking for more affordable accommodations for their incomes.

INTER-PROVINCIAL MIGRATION

This growing connection between migration and housing prices is also reflected in the inter-provincial net migration data.

In the decade from 2014 to 2024, a net total of 31,227 residents living in the GTHA moved to provinces in Canada, with the greatest out-migration from Peel Region.

Inter-Provincial Net Migration by Region in Greater Toronto and Hamilton Area (GTHA)
10-Year Period: 2014-2015 to 2023-2024

	Pre-COVID						Post-COVID						
REGION*	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	Total	Pre-Covid	
TORONTO	1,385	5,516	5,484	3,545	2,204	1,900	-4,678	-4,034	-2,568	-2,655	6,099	20,034	-13,935
HAMILTON	-247	93	170	-177	99	-2	-699	-1,509	-1,188	-1,068	-4,528	-64	-4,464
HALTON	-221	218	262	555	347	73	-275	-1,203	-1,166	-1,009	-2,419	1,234	-3,653
PEEL	-1,508	1,178	1,451	567	-340	-682	-4,148	-3,553	-5,016	-5,083	-17,224	666	-17,890
YORK	-538	291	520	665	742	499	-642	-1,313	-1,166	-930	-1,872	2,179	-4,051
DURHAM	-1,164	-619	-364	-546	-306	-480	-1,166	-2,546	-2,137	-1,955	-11,283	-3,479	-7,804
TOTAL:	-2,293	6,677	7,523	4,609	2,746	1,308	-11,608	-14,158	-13,331	-12,700	-31,227	20,570	-51,797

Source: Statistics Canada   * Regions are defined as "Census Division" in Statistics Canada data

An analysis of pre- and post-COVID data shows that the GTHA was an overall net recipient of inter-provincial migration before 2020, most likely due to the region's strong economic and job growth. But it then lost over 51,000 residents to other provinces after 2020 with the top four destinations including: British Columbia, Alberta, Nova Scotia, and New Brunswick. Again, housing affordability was likely a strong motivator, particularly in the maritime provinces.

Toronto Region Board of Trade and WoodGreen (2021) provides some further insights into this out-migration trend. Looking at net out-migration data for the Greater Toronto Area (GTA) from 2010-2011 to 2019-2020, for every two international immigrants settling in the GTA, there was one established resident moving to another Ontario region. Ten years earlier, the ratio was five arrivals for every departure.

Young families are particularly likely to leave, with the largest out-migration demographics being the 25 to 31 age group (18.9% of total out-migration), closely followed by children aged 0 to 8 (18.8%) and adults aged 32 to 39 (16.7%).

This is about more than just housing.

The ripple effects of the search for affordability touch every aspect of community life and economic prosperity, creating both immediate consequences and insidious medium and longer-term impacts that threaten the future of the GTHA Region.

The consequences of inaction on middle-income workforce housing have reached a critical inflection point where they threaten the fundamental functioning of our region, our provincial and national economies, as well as our cities, towns, and communities.

What are the Impacts on Our Region?

The housing crisis has created a multi-layered set of consequences that vary depending on household income level.

Higher-income earners have the ability and choice to leave. The GTHA is seeing concerning migration patterns as talented professionals increasingly opt to move to more affordable regions, taking their skills, tax contributions, and community involvement with them.

However, for middle-income earners—i.e. those workers who keep our communities and cities functioning, their options are far more limited. They are forced to stay and adapt, often in ways that compromise their personal well-being, as well as the GTHA region's long-term prosperity.

Ultimately, this translates into serious impacts to both to the economy and quality of life as the GTHA contributes 20% of Canada's GDP and 50% of Ontario's GDP.

ECONOMIC AND BUSINESS IMPACTS

The housing crisis has transformed from a social issue to a business imperative where **economic competitiveness is undermined and threatens the GTHA's status as an economic hub and innovation centre.**

A Toronto Region Board of Trade (2022) survey found that 68% of businesses report difficulty attracting talent due to housing costs, with essential service providers experiencing the most severe impacts. These recruitment challenges have quantifiable costs:

- average recruitment costs per position have increased by 22% over five years.
- time-to-fill for key positions has extended from 45 days to 72 days.
- vacancy costs (lost productivity, interim staffing) average $500 per day per position.
- training costs for new hires average $4,200 per employee.

For a mid-sized organization with 500 employees and 15% annual turnover, these costs can exceed $2.3 million annually: a direct hit to the bottom line that could otherwise be invested in growth, innovation, and/or employee development.

Chakrabarti and Zhang (2021) estimate a 2.3% average productivity loss in major cities due to workforce housing shortages, with essential service sectors experiencing even higher impacts.

These findings are further supported by the Canadian Centre for Economic Analysis (2024), which found that 29% of Ontario businesses report difficulties attracting employees, while 20% struggle to retain skilled employees. For manufacturing specifically, 47% face challenges in attracting workers and 33% report difficulty retaining them. The same research identifies congestion as a key contributor to these workforce challenges, with 22% of all Ontario businesses reporting that transportation costs are a key obstacle for their operations.

Perhaps most concerning for regional economic development and competitiveness, the Toronto Region Board of Trade (2022) found that 42% of businesses are considering relocation specifically due to workforce housing challenges. Workforce housing availability is now among the top five factors considered in corporate location decisions.

There are also growing signs of impact on innovation ecosystems where housing constraints reduce patent applications and new business formations in the GTHA compared to regions with better workforce housing availability.

The workforce housing crisis creates substantial economic costs that extend far beyond individual households. Our analysis using methodologies developed by Hsieh and Moretti (2019) and supplemented with GTHA-specific assumptions, identifies several major economic impacts.

Service Delivery Impacts: when essential workers cannot live near their workplaces, service quality, and availability decline. Our analysis estimates:

- Healthcare: $575 million annually in additional costs due to staffing challenges, overtime requirements and agency staffing.
- Education: $320 million in costs related to teacher turnover, substitute staffing and performance impacts.
- Emergency Services: $230 million in increased response times and staffing challenges.

Business Productivity Losses: based on survey data from the Toronto Region Board of Trade (2022) and economic modeling, we estimate:

- $1.2 billion annually in reduced productivity due to employee tardiness, absenteeism and turnover directly attributed to housing and commuting challenges.
- $860 million in additional recruitment and training costs.
- $3.4 billion in lost economic activity due to unfilled positions connected to housing challenges.

The Toronto Region Board of Trade and WoodGreen (2021) studies have further delineated the economic costs of inaction into four main categories:

1. Pressure on wages and salaries: $2.0 to $2.8 billion per year

2. Migration out of the GTA: $3.05 billion per year

3. Employee turnover and additional recruitment costs: $0.18 billion per year

4. Productivity losses from long commutes: $0.65 to $1.95 billion per year

The Canadian Centre for Economic Analysis (2024) provides further validation of these economic impacts. Their research found that congestion has cost the GTHA economy $10.1 billion annually over the past decade, with 88,000 fewer jobs supported in the GTHA due to congestion. If congestion had been reduced, real GDP in the GTHA could be $27.9 billion higher today—representing a 4.9% increase over GTHA's 2024 economic performance, corresponding to an additional $3,400 in economic activity per person.

Transportation Infrastructure Burden: the Canadian Centre for Economic Analysis (2023) estimates that workforce housing mismatches cost the GTHA:

- $480 million annually in additional transportation infrastructure requirements.
- $290 million in excess fuel consumption and vehicle maintenance.
- $175 million in environmental costs from increased emissions.

In summary, the housing crisis in the GTHA has both directs costs and opportunity costs. Based on Hsieh and Moretti's (2019) methodology, they estimate that housing constraints in the GTHA could reduce regional economic growth by up to 2.1% annually. This represents approximately $7.5 billion in foregone economic activity each year.

Essential service delivery is also compromised.

When healthcare workers, educators, first responders, artists, retail workers, hospitality servers, care providers, and other essential personnel cannot live in or near the communities they serve, service quality declines and response times increase. This directly impacts business operations, healthcare outcomes, educational achievement, and public safety.

The workforce housing crisis affects a broad spectrum of occupations critical to the GTHA's functioning. Our analysis based on Statistics Canada data and occupation classifications identifies approximately 920,000 workers in the GTHA who:

1. provide essential services to communities;
2. earn between 60-120% of the Area Median Income; and
3. face significant housing affordability challenges.

THESE WORKERS INCLUDE:

- Healthcare workers: nurses, medical technicians and personal support workers.
- Education professionals: teachers, early childhood educators, and educational assistants.
- First responders: firefighters, paramedics, and emergency services personnel.
- Construction and trades: electricians, plumbers, and carpenters.
- Transportation workers: transit operators and logistics personnel.
- Service sector employees: retail workers, food service staff, and hospitality workers.
- Public service personnel: municipal employees and social service providers.
- Arts and culture workers: musicians, artists, theatre professionals, cultural organization staff, and creative freelancers who form a vital but often overlooked component of the GTHA's workforce housing challenge. The region's cultural sector contributes billions to the economy annually and serves as a key differentiator in attracting talent, tourists, and businesses to the GTHA.

These occupations represent the backbone of the GTHA's economy and social infrastructure. Yet many essential workers are considering leaving their jobs specifically due to housing costs and commute times. This creates a significant business risk for employers in these sectors, who face escalating costs associated with turnover, recruitment, and maintaining service quality.

The United Way Greater Toronto (2023) found that essential workers routinely spend between 45% and 63% of their income on housing, far above the 30% threshold considered affordable. This excessive cost burden creates impossible budgeting decisions.

The Canadian Centre for Economic Analysis (2023) identified 270,000 essential workers in the GTHA commuting more than 90 minutes each way. This commuting burden extracts significant costs. Long commutes not only impact quality of life but also affect job performance and public safety.

For businesses, these commuting challenges translate directly to late arrivals, decreased productivity in early hours, and employee burnout. According to transportation researchers, each 10-minute increase in commute time correlates with a 5% increase in tardiness and a 2.3% decrease in overall productivity.

The workforce housing crisis forces difficult career decisions with broader consequences for service delivery. According to the Canadian Centre for Economic Analysis (2024), congestion reduces the quality of life for commuting Ontarians by approximately 6%. The report found that mid-age earners (25 to 54 years), lower-income groups (earning below $80,000 annually), and workers in industries such as manufacturing, construction, and healthcare bear the highest social value costs of congestion. These findings directly align with our identification of essential workers facing the greatest housing affordability challenges.

Overall, the economy suffers both immediate and long-term consequences. Regional competitiveness decreases as talent looks elsewhere. Businesses face higher costs due to turnover and recruitment challenges. Productivity losses from commuting and housing stress create a drag on growth. The region's economic potential becomes increasingly constrained as the workforce housing crisis deepens.

PERSONAL IMPACTS

Personal health suffers under these pressures as housing adaptations come with serious costs.

The phenomenon of "drive until you qualify" pushes some workers further and further from their workplaces in search of affordable housing, creating longer commute times that impact personal physical and mental health, productivity, family time, and children.

Others remain closer to employment centres but make difficult compromises, often living in spaces too small for their family needs; living in overcrowded homes accommodating more occupants than appropriate for the unit size; entering into complex sharing arrangements with roommates; or even renting beds rather than homes in de facto rooming houses. These adaptations often mean living in unsafe and/or unhealthy conditions that affect physical and mental well-being.

Moreover, there is the chronic stress that comes from housing insecurity, which manifests negatively in a myriad of physical, mental, and emotional health issues. Workplace absenteeism increases, productivity, and performance decreases both at work and school, and family relationships strain under the pressure. This chronic stress also diminishes overall happiness and well-being.

The attendant healthcare costs alone, both to individuals and systems, as well as the undermining of stability and resilience of communities throughout the region, represent a significant hidden cost of the workforce housing crisis.

But the financial strain extends far beyond housing.

When housing consumes an excessive portion of income, other necessities get squeezed. A growing number of middle-income workers are less than "one pay cheque away" from falling into severe financial distress. The latest findings (January 2025) from the Financial Consumer Agency of Canada's "Financial Well-Being Survey" of Canadian households found that:

56%

are "having trouble or sometimes struggle with their financial commitments", up from 38% in 2019;

33%

are "short on money at the end of the month", up from 19% in 2019;

35%

have to "borrow money for daily expenses", up from 27% in 2019; and

47%

do not have "an emergency fund [to cover] three months of expenses", up from 36% in 2019.

It is not surprising that we are also seeing increasing food bank use among working middle-income families, more instances of food instability and hunger and more working families falling into the shelter system. The traditional economic security that came with steady employment is eroding as housing costs continue to rise faster than wages.

According to the annual Toronto Daily Bread Food Bank's (2024), *Who's Hungry* report, a record high 3.49 million visitors or one in 10 residents used their food banks in 2024—a 38% increase from 2023 and a 273% increase over the pre-pandemic period (2020). A decade ago, the food bank reported 1.04 million visits which was also a record high at that time. A comparison of food bank usage over the past decade reveals some troubling trends.

- A growing number of working residents are using food banks. In 2014, only 14% of food bank users relied on employment as their primary source of income; whereas in 2024, 33% of total visitors were working (largely full-time), and among new clients who started using food banks in the previous year, over half (51%) were working.

- In contrast, the number of "traditional" food bank users who rely on social assistance income fell dramatically from 65% in 2014 to 29% in 2024, reflecting the growing reality that the affordability crisis is not just a problem facing those who are not working and/or living on fixed social assistance.

- The fastest growing group of food bank users are younger, working-age residents: in 2014, just over one-third (37%) of visitors were 19 to 44 years, compared to over half (51%) of clients by 2024.

- Housing unaffordability has consistently been the primary reason for food bank usage. In 2014, visitors spent an average of 71% of their incomes on rent and utilities, which rose to 87% in 2024, including 20% of food bank users spending 100% of their incomes on housing alone.

Growing housing unaffordability in the GTHA is also making more low and middle-income earning workers and families increasingly vulnerable to homelessness, resulting in some falling into the shelter system or living in precarious, unstable, unsuitable, temporary or unsafe accommodations.

While this data is not tracked in the GTHA in a consistent manner, there are concerning signs.

- The City of Toronto's Shelter, Support and Housing Administration undertakes a periodic 'Street Needs Assessment' (SNA) survey of people experiencing homelessness. The latest published 2021 results found that 19% reported being homeless because they "did not have enough income for housing" and 11% reported that they were working full-time, part-time, casually, or informally. The 2024 SNA report is due for release in 2025, which will provide continued insights into Toronto's "working but homeless" population.

The Toronto Shelter and Support Services agency which manages the emergency shelter network in the City of Toronto also publishes an annual report, but detailed information on shelter users is limited primarily to basic demographic information. Anecdotal stories and informal data by non-profits and community groups trying to support these residents like Fred Victor, Covenant House Toronto, WoodGreen, and the United Way Greater Toronto also suggest a troubling story.

- For example, the United Way Greater Toronto provides funding for 92 housing support and homelessness prevention programs and they have helped 30,883 individuals who are "unhoused or are at risk of homelessness" with housing supports and 17,316 individuals "at risk of homelessness with basic supports (e.g., basic health, personal supplies, meals)". The actual need is likely much greater as they estimate 16% of GTA households currently live in unsuitable or unaffordable housing, which puts them at a higher risk of homelessness.

Sadly, our children, who are our future workers, bear a particularly heavy burden.

According to the Canadian Paediatric Society's (2015, 2019, 2024) position statement on "Housing need in Canada: Healthy lives start at home", there are a myriad of negative impacts on children when families struggle with housing affordability.

- Children often come to school hungry and not ready to learn, leading to absenteeism, disruptive behavior, and lower academic performance.
- Physical health and development can be stunted by inadequate nutrition, exposure to environmental hazards in the home (e.g. pests, air quality problems), or injury from unsafe, unmaintained, or overcrowded living conditions (e.g. lack of life safety systems).
- The lack of exposure to enrichment opportunities, like extracurricular activities mean they are "luxuries" that many families cannot afford with negative impacts on childhood development.
- Social challenges, including bullying often accompany housing instability, creating additional barriers to success.
- Many struggling with housing affordability also find themselves living in unsafe or undesirable neighbourhoods, which may increase exposure to anti-social behaviours or criminal influences.
- Invariably, mental and emotional health also suffers for children living in homes where there is a high level of stress and stressors which can lead to a lifetime of struggles and negative consequences.

A recent Social Planning Toronto (2024) report, *Fighting for our Future: Child and Family Poverty Report Card*, Toronto 2024, shows that “Toronto is the child poverty capital of Canada”.

In 2022, Toronto had a child poverty rate of 25.3%, an 8.5% increase from 2020 and the highest in the GTHA compared to 20.5% in Peel Region, 20.4% in Hamilton Region, 18% in York Region, 16.8% in Durham Region, and 12.6% in Halton Region.

Challenges with family housing affordability, homelessness, and food insecurity are among the key drivers of childhood poverty, and disproportionately impact one-parent and racialized, immigrant, and Indigenous households.

The Canadian Paediatric Society and Social Planning Toronto are just two examples of many professional, non-profit, and non-government organizations and government agencies around the world who have long documented and reported on the adverse effects of inadequate housing on children.

However, their findings are consistent: regardless of the country, children growing up in households struggling with housing affordability face disadvantages and it often leaves them trapped in a cycle of inter-generational financial difficulty and poverty.

COMMUNITY IMPACTS

Inequality is exacerbated and communities deteriorate when middle-income worker housing is unaffordable.

The housing crisis for middle-income workers deepens social and economic divisions, creating a region where only the most affluent residents and those qualifying for subsidized housing can live and work in the same community. This hollowing out of the middle class creates operational challenges for businesses dependent on middle-income workers, fundamentally hampering the diversity, health and character of our neighbourhoods.

Rising risk of crime, harm and anti-social behavior, increasing disruption in schools and a general sense of community instability, chaos, or neglect also correlate strongly with housing stress.

In short, when our middle-income workers cannot afford to live in the communities they serve, our social fabric weakens and civic engagement declines.

- For current middle-income earning workers including those essential service providers who keep our communities functioning, housing unaffordability creates impossible daily calculations. When nurses, teachers, first responders, and trades workers cannot live near their workplaces, service quality inevitably suffers. Critical workforce shortages emerge in key sectors as positions become increasingly difficult to fill. The result is reduced service quality that affects everyone, regardless of income level.

- The impact on children and youth, our future workers, may be the most concerning long-term consequence. Educational outcomes are compromised when housing instability creates stress and disruption. Career aspirations become limited as opportunities narrow. Too many children find themselves trapped in cycles of poverty that will be difficult to escape. The result is a future workforce that is less prepared and less competitive, threatening the region's long-term economic prospects.

- Seniors also face significant challenges when workforce housing is unaffordable. The quality and availability of elder support declines as care workers struggle to afford housing. Many seniors experience isolation when family members move away in search of affordability. Housing options for aging in place become increasingly limited as costs rise, creating new pressures on healthcare and social service systems.

The societal costs of inaction extend to other dimensions as well. The Toronto Region Board of Trade and WoodGreen (2021) report identifies several critical societal impacts that have not yet been fully quantified.

- Poorer Quality of Education: when access to stable and affordable housing is limited, educational outcomes suffer. Students with unstable housing situations or long commutes face barriers to academic success, with 31% of post-secondary students in the Greater Toronto and Hamilton Area reporting that commuting is a barrier to academic success. Quality education depends on quality teachers, who are increasingly priced out of the communities they serve.

- Worsened Gender Inequality: housing affordability is a gendered issue. Women continue to face systemic barriers including gender pay gaps. In 2019, women in Toronto earned an average total income of $42,807 compared to $62,667 for men. With 84% of lone-parent families in Toronto led by women, housing affordability poses particular challenges for single mothers.

- Limited Care-Giver Support for an Aging Population: by 2031, Toronto's senior population is projected to grow by 59% to 695,000, and to nearly 830,000 by 2041. This demographic shift will require a significant increase in caregivers at a time when these essential workers are being priced out of the city, creating a potential care crisis.

In summary, communities feel the impact through erosion of cohesion and social capital. Economic segregation increases as neighborhoods become divided by affordability. Civic engagement declines when residents are focused on basic survival rather than community building.

The sense of shared purpose and connection that defines thriving communities becomes harder to maintain.

CLIMATE IMPACTS

As more workers commute ever-longer distances, transportation emissions increase, harming air quality and undermining climate initiatives. In addition to negative health and safety consequences, this creates reputational and regulatory risks for businesses committed to environmental sustainability.

The Canadian Centre for Economic Analysis (2024) has quantified the enormous impact of congestion in the GTHA, which is directly linked to the housing crisis. According to their research, the total impact of congestion in the GTHA is valued at $44.7 billion annually, with $10.1 billion in direct economic costs and $34.6 billion in social value costs related to quality of life and well-being. The report found that nearly half (49.2%) of commuters in the GTHA experience heavy congestion (three or more days per week), compared to 19.8% outside the GTHA.

Survey Insights:

Impacts on Lives of Middle-Income Workers in GTHA

In order to better understand the real impacts of the housing affordability crisis on the lives of middle-income workers in the GTHA, Head's Up Group undertook a quantitative survey of middle-income workers in the GTHA for this analysis. While this online survey is still actively open in field, initial results were pulled in early May 2025 after four weeks in field to provide preliminary insights in this paper.

NOTES ON METHODOLOGY

To qualify for the survey, respondents had to be working full-time and commuting at least 30 minutes each way by private vehicle or public transit to a job that can only be done in person (with no hybrid or remote options) and earning $40,000 to $125,000 per annum in total household income.

These qualified respondents were then further screened for their level of satisfaction with their housing situation and their commuting to work situation, specifically:

- I am not satisfied with both my housing situation and commute to work; or
- I am not satisfied with my housing, but reasonably satisfied with my commute; or
- I am not satisfied with my commute, but reasonably satisfied with my housing; or
- I am reasonably satisfied with both my housing and commute.

Nearly two-thirds (62%) of our qualified respondents indicated they are "not satisfied" with either or both their housing or commuting situation, and only their responses are shared below.

NOTE: These qualifying parameters were chosen to build upon the earlier Boston Consulting Group and CivicAction 2025 report which focused on the "squeezed-out working population" in the GTHA earning $40,000 to $125,000 annually. The additional screening question ensures we are reaching only those middle-income workers who feel they are having to make trade-offs in their lives related to their housing and/or work situation.

DEMOGRAPHIC PROFILE OF QUALIFIED RESPONDENTS

A demographic analysis of our qualified survey respondents reveals a generally balanced distribution across age, sex, household type, incomes, type of work. and location in the GTHA.

- Our qualified respondents are split fairly evenly between male (56%) and female (44%) and nearly half (48%) are aged 35 to 44 years, followed by 33% from 25 to 34 years and 19% from 45 to 55 years.
- Over half (55%) are married/common-law, followed by 37% who are single and 7% who are divorced or widowed.
- Sixty-five percent of respondents have one or two children living at home.
- Our qualified respondents work primarily in healthcare, construction, retail and manufacturing, with 51% earning $40,000 to $80,000 and 49% earning $80,000 to $125,000 annually.
- Over half (53%) live in the City of Toronto, and 47% live in the surrounding regions of Peel, York, Durham, Halton, and Hamilton.

The initial survey findings presented below help tell the human stories of our middle-income workers and provide meaningful insights into their daily lives.

SURVEY HIGHLIGHTS

One of the most telling findings is the strong desire among qualified respondents to do something to address their current dissatisfaction with their housing and/or commute situation.

Over two-thirds (67.7%) have actively considered taking action within the last three years, including changing jobs in order to be closer to home (39.1%), or moving their home location in order to be closer to work (28.6%).

The inclination to change jobs suggests that dissatisfaction with commuting is greater than dissatisfaction with housing. This aligns with the survey findings where over half (55.0%) of qualified respondents said they are reasonably satisfied with their housing but not satisfied with their commute; whereas only 18.2% said they are reasonably satisfied with their commute but not satisfied with their housing.

When combined with those who are not satisfied with <u>both</u> their housing and commute (26.8%), closer to 82% are dissatisfied with their commutes in some way.

COMMUTE TO WORK

A closer look at the findings provides further insights into the commuting experience and its real impacts on the daily lives of middle-income workers in the GTHA.

- The majority (76.8%) are spending one to two hours commuting daily (i.e. 30-60 minutes each way), but nearly one in five (18.2%) are actually spending two to three hours commuting daily (i.e. 60-90 minutes each way). Some (5%) are spending over three hours commuting daily (i.e. over 90 minutes each way). The majority (71.4%) are driving their own vehicles to work.

- Interestingly, nearly two-thirds (64%) report being late or missing work on a regular basis, on average at least one to four times monthly. Nearly half (47.5%) say this is having a large impact (a rating of four or five on a five-point scale) on their job performance, satisfaction or opportunities at work.

When asked to identify the most disruptive or negative impacts of their commute on their daily lives, the most prevalent responses are related to personal well-being and family lives (45% to 52%), as opposed to external-related outcomes, such as work performance, satisfaction, and finances (26% to 33%).

Specifically, the most selected responses include:

- time and energy for self-care (52.3%)
- time and energy for family and extended family (52.3%)
- time and energy for outside work interests (50.9%)
- physical health (47.7%)
- mental health and well being (45.9%)
- quality of life in general (45.9%)

Asked to explain these disruptions or negative impacts in their own words, some of the most common sentiments, comments or themes include:

- “Rush more and miss out on more time with my children. I’m tired and stressed.”
- “When I get home, I am too exhausted to spend time with my family.”
- “Long commutes affect rest and family time.”
- “Long commutes eat into personal time that could be spent on rest, hobbies, exercise, or with loved ones.”
- “Long commute times take up significant rest time, affecting the work-life balance.”
- “Increased stress and fatigue affecting productivity.”
- “I cannot do any extracurricular or balance friend or family life. It is work and sleep.”
- “Losing time after work that could be productive or spent with my son.”
- “Long commuting times reduce my rest, which negatively impacts my work efficiency.”
- “Difficulty concentrating at work due to brain fatigue.”
- “Missed opportunities for after hours learning or training.”
- “Negative impact on focus and motivation at work.”
- “Feelings of guilt and anger … from the time spent commuting, which has taken away from spending time with friends and family.”

HOUSING SITUATION

In as much as dissatisfaction with commuting scored higher relative to housing, it is still significant that **nearly half (45%) of qualified respondents also said they are not satisfied with their housing situation in some way.**

A closer look at the survey findings provides further insights into the housing experience and its real impacts on the daily lives of middle-income workers in the GTHA.

- The majority are renters (51.4%) or living with parents or extended family (7.3%), and 41.4% are homeowners. Most are currently living in apartments or condominiums (40.5%), followed by townhomes or semis (28.2%) and detached homes (27.7%).
- In the past three years, over half (57.7%) of qualified respondents reported having to spend a greater portion of their incomes on housing costs, which contributes to their growing stress levels around current and future housing situation. Over half (55%) report having the highest stress levels (scoring from seven to 10), including 22.3% reporting their stress levels at nine or 10 out of 10.
- Notably, two-thirds (66%) of qualified respondents are currently spending over 30% of their household incomes on housing (rent, mortgages, taxes, utilities), including nearly one-third (29%) who are actually spending over 50% their incomes on housing.

Therefore, it is not surprising that when asked to rank the issues “that concern or bother you personally about where you live”, cost of housing is identified as the number one issue, followed by location and commute-related issues:

- the cost of your housing is too high (45.4%)
- your home is too far from work (43.7%)
- it takes too long to get to work (39.5%)
- the traffic during your commute is too stressful (38.9%)
- the commute to work is unpredictable (38.1%)

Interestingly, living situation issues that garner more moderate levels of concern include: the condition of homes (31.9%), small size of homes (30.8%), limited access to public transit (28.3%), and living too far from other family members (27.2%). Neighbourhood and amenities-related issues are the least but still significantly concerning, including daycares (24.1%), safety (23.8%), walkability (23.5%), schools (21.8%), and access to nature and parks (20.4%).

POTENTIAL SOLUTIONS

When asked to rank potential solutions that would "make the biggest impact on addressing challenges of where you live relative to where you work", the top five solutions include:

1. higher pay (56.4%)
2. housing that I can afford based on my income (38.6%)
3. less traffic congestion (35.0%)
4. better traffic management (25.0%)
5. housing subsidy or supplement (22.7%)

Notably, potential solutions related to public transit (e.g. more reliability and frequency, safety, extended hours) and more roads and highways were ranked relatively lower.

Simply put, to meet these workers' needs, we need to build more homes that are truly affordable for middle-income earners, and make it easier for them to get to and from work.

In summary, this initial peek into the daily lives of our middle-income workers in the GHTA clearly shows that stress levels are high and only mounting, whether related to the costs of housing or commuting.

The negative impacts of this chronic stress are spilling over into all aspects of personal, family, work and community life. This is the proverbial "canary in the coalmine" and an untenable situation in the long run for the vitality, livability and prosperity of the GTHA region.

How Did We Get Here?

Cities and regions generally grow in three ways that are distinct, yet also highly interconnected and interdependent.

- Proactively, i.e. "we planned it". This refers to the politics, policies, and processes at the municipal, provincial, and federal levels of government that directly and indirectly guide, shape, plan, manage, and encourage or discourage both housing supply and demand, as well as the underlying systems that govern the overall home building ecosystem.

- Reactively, i.e. "we didn't plan it". This refers to the external global factors, such as global economic conditions, political uncertainties, instabilities and conflicts, human rights violations, and environmental crises that drive the movement of people, money, and goods to other countries, thereby impacting the prosperity of our cities and regions.

- Organically, i.e. "we were lucky". This refers to the internal characteristics of our cities and regions, such as its social conditions, cultural norms, values and lifestyles, and demographic composition and diversity that can drive or influence how and where its people choose to live, as well as the possibilities and opportunities for growth.

A closer look at the GTHA shows that the workforce housing crisis did not emerge overnight. It is the result of a "perfect storm" of several forces that have gradually transformed the GTHA region's housing landscape. Five key dynamics, in particular, have been the fundamental drivers of the market as we know it today.

POPULATION GROWTH (AND HOUSING DEMAND) ARE OUTPACING HOUSING SUPPLY

Simply put, demand for more housing comes from having more households who need housing, where "more households" means both an increase in the number of new households, as well as a change in the needs of existing households.

This "net new demand" essentially comes from:

- Population growth from external sources—where new people move into the city or region from immigration, inter-provincial and intra-provincial migration, and foreign student or work visas.
- Demographic changes within the existing population—where new households are created from splitting existing households (e.g. adult children move out of the family home, couples divorcing), or new housing needs are created from the changing needs of the existing population (e.g. ageing empty nesters who want to downsize, young families with children who want/need to upsize, young couples starting a family).

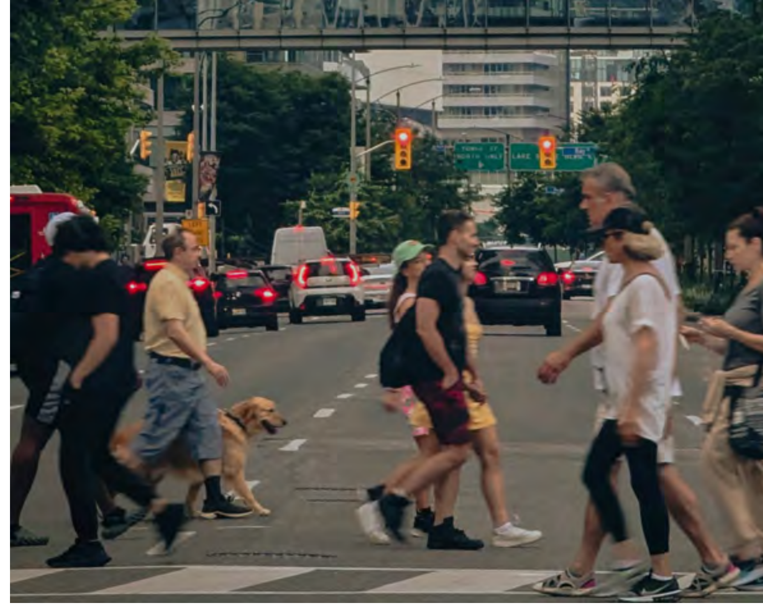
This has been the story of the GTHA over the past decade, as it continues to attract newcomers from across Canada and around the world, drawn by economic opportunities and quality of life, and as this reality is compounded by demographic shifts in existing resident populations.

According to Statistics Canada Census data, the population of the GTHA grew by 10.8% in a ten-year period from 6.5 million in 2011 to 7.2 million in 2021. Currently, the GTHA population is estimated at 8.3 million residents in 2024, based on Statistics Canada's Annual Estimates report.

This represents a staggering 14% increase since 2021, driven primarily by continuing high levels of immigration, as well as a near doubling of foreign students and foreign temporary workers in recent years compared to the previous inter-census period.

NOTE: Statistics Canada population data includes both permanent and non-permanent residents.

Notably, over half (53%) of the GTHA growth from 2011 to 2021 was fuelled by new immigrants who are essential for Canada's continued growth and future economic well-being as the demographic realities of our plummeting natural birth rates (relative to death rates), combined with the "coming tsunami" of retiring baby boomers (now aged 60-80 years) who will leave the workforce (and no longer pay taxes) means we will continue needing high levels of immigration just to maintain the status quo.



Population Growth by Region in Greater Toronto and Hamilton Area (GTHA) 2011 to 2024

Year	Toronto		Hamilton		Halton		Peel		York		Durham		GTHA	
	No.	Growth*	No.	Growth*	No.	Growth*	No.	Growth*	No.	Growth*	No.	Growth*	No.	Growth*
2011	2,615,060	4.5%	519,949	3.1%	501,669	14.2%	1,296,814	11.8%	1,032,524	15.7%	608,124	8.4%	6,574,140	8.5%
2016	2,731,571	4.5%	536,917	3.3%	548,435	9.3%	1,381,739	6.5%	1,109,909	7.5%	645,862	6.2%	6,954,433	5.8%
2021	2,794,356	2.3%	569,353	6.0%	596,637	8.8%	1,451,022	5.0%	1,173,334	5.7%	696,992	7.9%	7,281,694	4.7%
10-yr change (2011-21)	179,296	6.9%	49,404	9.5%	94,968	18.9%	154,208	11.9%	140,810	13.6%	88,868	14.6%	707,554	10.8%
2024** (estimate)	3,273,119	17%	632,111	11%	656,926	10%	1,662,864	15%	1,285,154	10%	792,615	14%	8,302,789	14%

Source: Statistics Canada, Census 2006, 2011, 2016, 2021 and Centre for Demography, Annual Estimates (July-June) as of Dec 2024

* Growth calculated from the prior census year, unless otherwise noted
*** 2024 population estimate from Statistics Canada, Centre for Demography Annual Estimates (July-June) report

In terms of the impact on housing, the census data shows that this population growth translated into the addition of 306,200 new households and 348,900 new private dwellings from 2011 to 2021. Based on the numbers alone, growth in housing supply actually exceeded the growth in household formation in the GTHA. However, this simple math does not take into account the differences in housing needs among these new households (depending largely on their age and life stage); nor the changing needs among existing households (also depending largely on their age and life stage), which acts like new housing demand even though they are not adding a "net new household" to the numbers.

Therefore, one cannot assume equivalency in interpreting this data, which explains why numerous governments, agencies, universities, consultancies, and non-profits have published their own studies and estimates on the shortfall and future housing supply needs across the country. And despite the competing figures and projections out there, everyone's numbers still stretch into the millions.

The analyses and figures published by the Smart Prosperity Institute in their latest report, "Ontario's need for 1.7 million more homes: an update" (April 2024), are particularly insightful in providing some of the most realistic housing supply need estimates

- By using the Rest of Canada (RoCA) Benchmark method, they attempt to measure the impact of demographics (i.e. age and life stage) on the propensity of household formation and corresponding type of housing need to determine how many households there "should be" in a given community based on its demographic characteristics. They call this "Suppressed Household Formation" because these numbers never show up in the census data due primarily to the lack of affordable and suitable housing for their household needs.

- Using this RoCA methodology, the GTHA had an existing housing shortage of 671,962 homes in 2021 suggesting that these households were continuing to live in unsuitable housing for their actual needs, most likely due to a lack of a suitable and affordable housing options. This speaks to the problematic choices facing a growing number of middle-income workers who cannot afford to leave the GTHA to find affordable and suitable housing.

Looking forward, there is a general consensus that the GTHA is expected to continue growing in the coming decades, which will only exacerbate the pre-existing housing shortage problem unless both the housing supply and affordability issues are successfully addressed.

HOUSING SUPPLY GROWTH IS BEING CONSTRAINED BY PROCESS AND POLITICAL CHOICES

Theoretically speaking, shortages in well-functioning market economies are usually short-lived at best because market forces hate disequilibrium, thus stepping in swiftly and automatically to return supply and demand to equilibrium. In reality, governments also play an active role as stewards of the public good to ensure that everyone shares to a degree in the benefits of a strong economy.

Therefore, it is unusual that in the face of persistent housing demand in the GTHA, our market has not been unable to deliver enough supply and fast enough to satisfy this demand, which is ultimately in the best interests of everyone.

But this is where some “well-intended” politics, policies, and processes put in place by governments at all levels and all stripes have actually become significant obstacles to addressing the housing supply shortages in the GTHA.

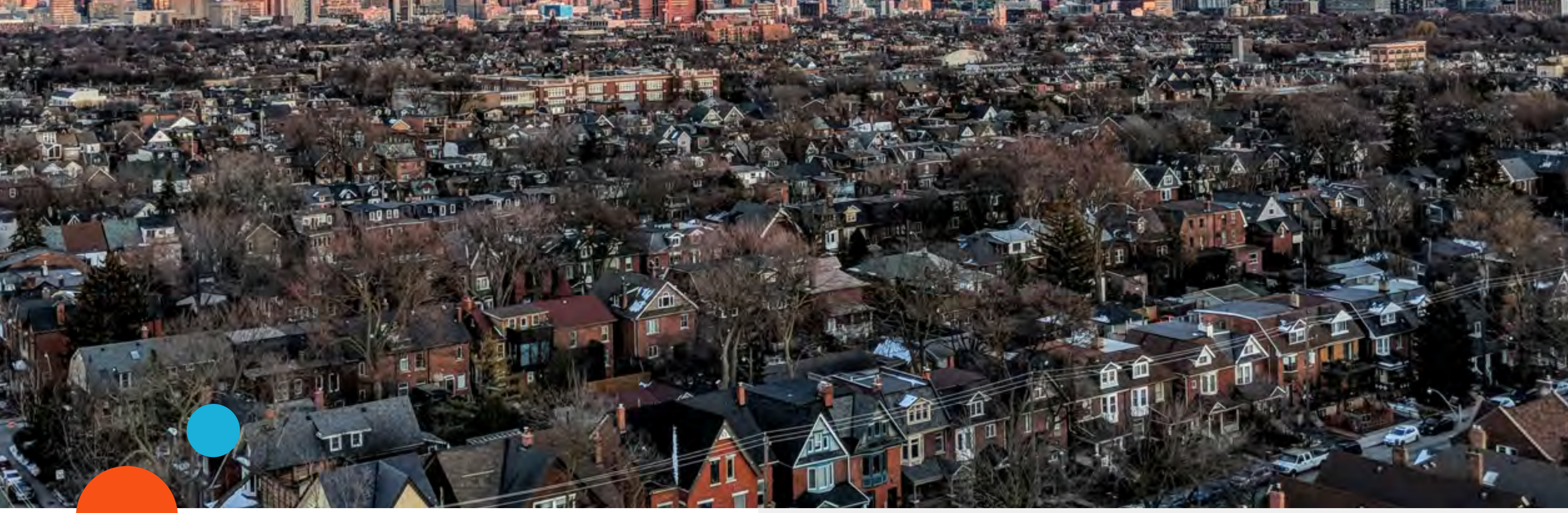
Overly bureaucratic barriers as well as complicated and/or duplicative bureaucratic processes have slowed development timelines and increased costs.

Some policy decisions made by bureaucrats and elected leaders at all levels of government have also either directly and indirectly impacted the housing industry in the GTHA by adding direct or indirect costs. Some of these policy decisions are recent and some stretch back decades, but we are still experiencing their consequences.

For example, the cancellation of funding for social and co-op housing building programs in the mid-1990s effectively led to a 30-year drought in affordable housing construction, leaving us today to deal with both the backlogs and new demands for affordable housing.

Moreover, municipalities across the GTHA have imposed ever increasing “taxes” (i.e. development charges, levies, fees) on new home development in order to fund their increasing capital and operating costs to accommodate a growing population, due to their limited powers to raise money. They have based decisions on an ethos that “growth must pay for growth” in a hyper-local focused way, instead of taking a holistic approach that recognizes and acknowledges the disjuncture between our system of organizing, funding, and operating municipalities and today’s realities of strong growth.

Numerous studies and reports have been published over the years documenting these additional costs and their direct and indirect impacts on increasing housing prices and decreasing housing affordability for a growing number of hard-working families.



A recent study commissioned by the Ontario Home Builders' Association and Building Industry and Land Development Association of Greater Toronto Area (January 2025), *The State of DCs in Ontario*, provides an updated and comprehensive overview of the role of development charges in Ontario's housing crisis. Notably:

- from 2011 to 2023, development charges for single detached homes rose by an average of 208% among the GTA's ten largest municipalities and now account for around 25% of the purchase price of a new home in the GTA. This translates into an average of $100,000 to $132,000 in development charges per home in 2023, compared to $26,000 to $47,000 in 2011.

- in contrast, development charges among the ten largest non-GTA municipalities rose by an average of 157% during the same period, which translates into an average of $31,000 to $68,000 per home in 2023, compared to $14,000 to $24,000 in 2011.

The net result is ever higher costs to build homes, resulting in ever higher prices that are increasingly out of reach for middle income workers and/or less homes being built for everyone as projects are put on hold and/or land remains undeveloped.

In recent years, these supply constraints collided with dramatic increases in the cost of living following the COVID-19 pandemic, and exacerbating housing affordability challenges. Inflation, supply chain disruptions, and market concentration in key sectors pushed up prices for everything from groceries to building materials, while current economic uncertainties—including potential tariff-driven cost increases—threaten to add further pressure on these already elevated costs.

Set against a backdrop of largely stagnant wages, middle-income workers already dedicating 45% to 60% of their incomes to housing face the prospect of additional increases in everyday essentials; thereby pushing more and more families past their financial breaking point and accelerating a slide from housing stress to housing crisis.

WAGE GROWTH AND INCOMES ARE LAGGING AND DISCONNECTED FROM HOUSING PRICES

Invariably when demand exceeds supply, prices will start go up, usually until demand and supply are "in balance" again through an increase in supply and/or a decrease in demand.

Not surprisingly, the chronic shortage of housing supply in the GTHA to meet both the growing and changing needs of its population has resulted in considerable price increases across the board in the resale, new home sale, and rental markets.

This has made securing any type of home increasingly unaffordable for an ever-growing number of residents, particularly as their incomes have not been able to keep pace. Instead, while housing prices have skyrocketed in the GTHA, wages have been relatively stagnant by comparison, creating an ever-widening gap between what workers earn and actual housing costs.

The Toronto Region Board of Trade and WoodGreen (2020) analysis demonstrates the severity of this disparity, showing that housing prices in the GTA have grown four times faster than incomes, while rents of unoccupied units have grown more than two times faster than incomes. Additionally, Toronto's population grew 10.6 times faster than the number of new rental units being built in 2018.

A closer look at average one and two-person household incomes, resale home prices, rental rates, and corresponding qualifying incomes to purchase or rent in the GTHA region over the past decade helps to illustrate this growing crisis of housing unaffordability by providing "on-the-ground snapshots" detailing the changing financial realities facing GTHA residents at four periods in time: 2011, 2016, 2021, and 2024.

THE DREAM VS THE REALITY OF HOME OWNERSHIP

Home ownership is the dream of most Canadians but, becoming increasingly impossible for more and more middle-income workers in the GTHA.

As detailed in the table on the following page, in 2011, the GTHA was still a reasonably affordable place to live and work in all regions: two-person households could afford to buy a resale home (i.e. qualify for a mortgage); and one-person households could afford to rent (i.e. pay less than 30% of their incomes on rent).

However, by 2016, the GTHA was already becoming less affordable for those aspiring to become homeowners as average resale home prices across the region rose by 42% to 75%—a much faster pace than corresponding increases of 9% to 21% for average two-person household incomes, which means they no longer "qualified" to buy a home. Only two regions—Durham and Hamilton, remained affordable, which probably explains why they were net recipients of intra-provincial migration trends within the GTHA while other regions experienced net losses.

GTHA REGION	Toronto	Hamilton	Halton	Peel	York	Durham
2011						
Avg. 1 Person Household Income ❶	$48,165	$37,328	$55,676	$47,637	$49,971	$46,006
Avg. 2+ Person Household Income ❶	$104,962	$91,876	$134,998	$102,281	$119,905	$106,861
Avg. Resale Home Price ❷	$501,900	$350,700	$517,100	$408,500	$540,600	$317,200
Qualifying Income ❸	$114,827	$82,494	$118,077	$94,854	$123,102	$75,330
2016						
Avg. 1 Person Household Income ❶	$55,409	$42,475	$67,110	$51,872	$57,702	$52,062
% increase from 2011	15%	14%	21%	9%	15%	13%
Avg. 2+ Person Household Income ❶	$125,340	$105,511	$156,858	$114,394	$133,622	$120,141
% increase from 2011	19%	15%	16%	12%	11%	12%
Avg. Resale Home Price ❷	$740,600	$497,000	$807,300	$616,200	$944,100	$533,800
% increase from 2011	48%	42%	56%	51%	75%	68%
Qualifying Income ❸	$159,538	$110,146	$173,062	$134,315	$200,800	$117,608
2021						
Avg. 1 Person Household Income ❶	$63,850	$50,800	$70,100	$57,850	$64,100	$58,300
% increase from 2011	33%	36%	26%	21%	28%	27%
Avg. 2+ Person Household Income ❶	$149,800	$131,200	$178,000	$140,600	$155,400	$142,800
% increase from 2011	43%	43%	32%	37%	30%	34%
Avg. Resale Home Price ❷	$1,056,700	$798,900	$1,232,900	$1,052,400	$1,291,200	$925,700
% increase from 2011	111%	128%	138%	158%	139%	192%
Qualifying Income (MQR) ❽	$265,518	$203,485	$307,917	$264,484	$321,945	$233,997
2024						
Avg. 1 Person Household Income (est.) ❾	$71,512	$56,896	$78,512	$64,792	$71,792	$65,296
Avg. 2+ Person Household Income (est.) ❾	$167,776	$146,944	$199,360	$157,472	$174,048	$159,936
Avg. Resale Home Price ❷	$1,107,200	$806,100	$1,241,600	$1,055,300	$1,311,000	$922,100
% increase from 2021	4.8%	0.9%	0.7%	0.3%	1.5%	-0.4%
Qualifying Income (MQR) ❽	$315,159	$233,022	$351,822	$301,001	$370,754	$264,666

Source: Statistics Canada Census (2011, 2016, 2021); Toronto Real Estate Board (TREB) Market Watch Report (December 2011, 2016); Toronto Regional Real Estate Board (TRREB) Market Watch Report (December 2021, 2024); Real Estate Association of Hamilton-Burlington (RAHB) Market Statistics reports (January 2012, 2017, 2022, 2025); Bank of Canada, Historical Interest Rates dataset

❶ Household income data from Statistics Canada Census 2011, 2016, 2021

❷ Resale home price data is for "All Home Types" based on Multiple Listings System (MLS) transactions from TRREB and RAHB

❸ Qualifying income to purchase a resale home in 2011 and 2016 is calculated based on a 32% gross-debt-service (GDS) ratio and assuming a 20% down payment, 80% mortgage (with no CMHC premium) and monthly payments using average 5-year mortgage rates (5.29% in 2011, 4.64% in 2016) amortized over 25 years plus property taxes (1.1%) and utility costs ($200 in 2011, $250 in 2016).

❽ Qualifying income to purchase a resale home in 2021 and 2024 is calculated using the new Mortgage Qualifying Rate (MQR)—i.e. the greater of 5.25% or posted rate + 2%, as mandated by OSFI starting in June 2021. MQR in 2021 is 8.79% (6.79% + 2%) and 8.49% in 2024 (6.49% + 2%). Utility costs assumed at $300 in 2021 and $350 in 2024). All other calculation parameters remain the same as used in 2011 and 2016.

❾ Household income data for 2024 is estimated based on average rate of growth from 2016 to 2021.

By 2021, as resale home prices accelerated and continued to outpace income growth, there were effectively no regions in the GTHA where two-person households could afford to buy as average resale home prices were now 111% to 192% higher compared to 2011, while average incomes for two-person households had only grown by 30% to 43% over the same period.

In June 2021, this growing disconnect between home prices and incomes was exacerbated by new policy from the Office of the Superintendent of Financial Institutions (OSFI) requiring use of a new "stress test rate" or Mortgage Qualification Rate (MQR)—i.e. the greater of either 5.25% or posted rates plus 2% as the new benchmark for mortgage qualification, which essentially had the effect of making homes even less affordable.

Arguably, the new MQR combined with aggressive interest rates hikes in 2022 and 2023 did cool the (super-charged) housing market by 2024, as average resale home prices across the GTHA remained relatively unchanged from 2021 and even fell slightly in Durham region.

However, even assuming continued income growth from 2021 to 2024 at the same pace as the previous inter-census period, the slow down in price growth really had no impact on affordability as average home prices in nearly all regions of the GTHA still remained at record high (and unaffordable) levels.

AFFORDABLE RENTALS ARE "THE HUNGER GAMES" OF THE GTHA

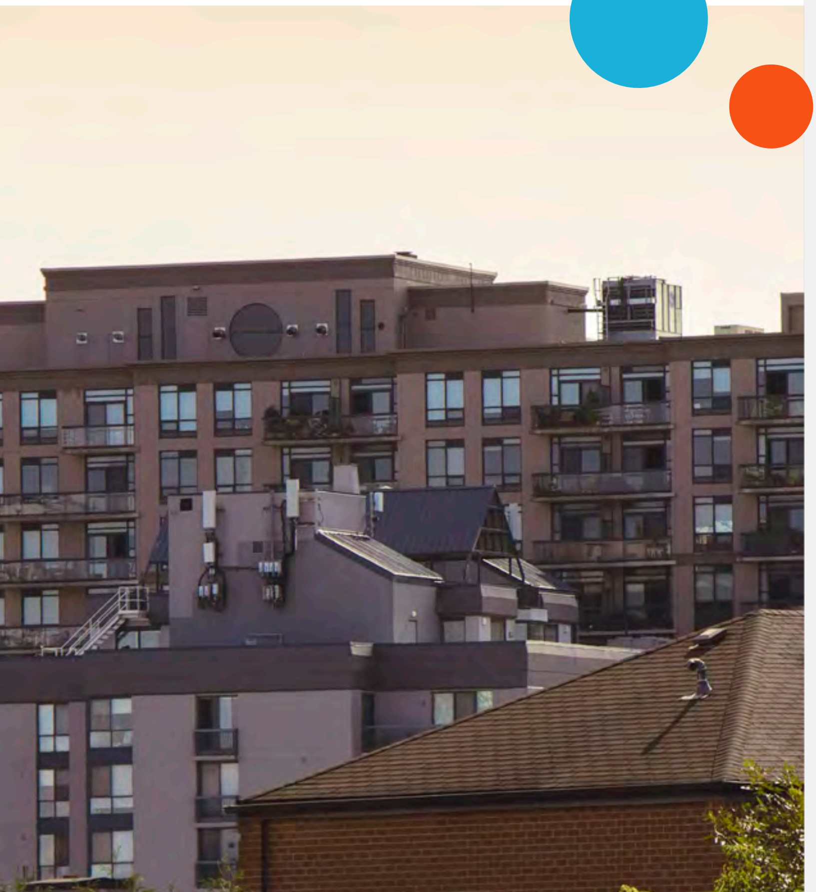
When ownership is not a financial option, renting becomes the only option. Yet for more and more middle-income workers in the GTHA, even finding a suitable rental accommodation is becoming increasingly difficult due to extremely limited supply vs growing demand (competition).

An increasing number of private condominium apartments are also being offered as rentals, but at much higher prices.

The following table (on p. 50) details monthly rental rates and vacancy rates for purpose-built apartments, one-bedroom condominiums, and one and two-person household incomes by region in the GTHA from 2011 to 2024.

Surprisingly, the data shows that purpose-built rental apartments have been (and continue to) be an affordable option for both one and two-person households in virtually every region across the GTHA since 2011—i.e. total rental costs consume less than 30% of gross incomes. However, correspondingly low vacancy rates means that availability of these affordable rental apartments is also extremely very limited.

From 2011 to 2024, vacancy rates in virtually every region in the GTHA were below 3% which is considered the benchmark for a "balanced rental market", according to CMHC.



The only notable exception has been Hamilton, with slightly higher vacancy rates around 3.3% to 4.5% from 2011 to 2021, although falling to 2.6% in 2024.

Toronto also saw an increase in vacancy rates to 4.9% in 2021, likely due to a combination of COVID-related out-migration and a large influx of newly-completed purpose-built rental apartments, but vacancy levels fell back down to 2.3% in 2024.

The limited supply of purpose-built rental apartments has also resulted in rising prices—increasing by 20% to 66% on average, from 2011 to 2021, but average household incomes were generally able to keep pace in virtually all regions of the GTHA.

However, this affordability is largely in theory only, as finding and then successfully securing suitable rental housing in this highly competitive marketplace has become a sort-of "Hunger Games" leaving many households struggling to find any type of rental housing.

In recent years, there has been an increase in new purpose-built rental apartment construction in some municipalities across the GTHA, due in large part to government incentives and programs encouraging rental construction, but the overall need is still far greater than what is coming down the pipeline.

Therefore, a significant and growing number of private condominium apartment rentals have also stepped in to fill this void and take advantage of this pent-up (and growing) demand. One estimate puts this "shadow inventory" of condominium apartments rentals at over 200,000 units across the Toronto Census Metropolitan Area (CMA).

However, rental prices for these condominium rentals are significantly higher than the existing purpose-built rentals because they tend to be located in newer buildings with current and modern suite finishes, conveniences, and amenities; whereas most of the existing purpose-built rental apartment inventory in the GTHA is now well over 50 years old.

An analysis of one bedroom condominium rental rates vs purpose-built rental rates shows a typical price premium of 20% to 50%. In 2024, one bedroom condominium rentals across the GTHA were renting from $2,250 to $2,439 per month on average compared to $1,313 to $2,130 monthly for purpose-built rentals.

Based on one-person average household incomes, these one-bedroom condominium rentals rates are not an affordable option anywhere in the GTHA, based on an ideal 30% housing spend target.

GTHA REGION	Toronto	Hamilton	Halton	Peel	York	Durham
2011						
Avg. 1 Person Household Income ❶	$48,165	$37,328	$55,676	$47,637	$49,971	$46,006
Avg. 2+ Person Household Income ❶	$104,962	$91,876	$134,998	$102,281	$119,905	$106,861
Average Monthly Rent ❹	$1,067	$724	$969 - $1,129	$1,052 - $1,073	$811 - $1,182	$849 - $1,175
Qualifying Income ❺	$42,680	$28,960	$38k - $45k	$42k - $43k	$32k - $45k	$33k - $47k
Vacancy Rate ❼	1.4%	4.1%	0.4 - 2.4%	1.3 - 1.4%	0.3 - 1.4%	0.8 - 2.7%
Condominium rental - One Bedroom ❿	$1,605	n/a	$1,322	$1,391	$1,387	$1,200
Qualifying Income ❺	$64,200	-	$52,880	$55,640	$55,480	$48,000
2016						
Avg. 1 Person Household Income ❶	$55,409	$42,475	$67,110	$51,872	$57,702	$52,062
% increase from 2011	15%	14%	21%	9%	15%	13%
Avg. 2+ Person Household Income ❶	$125,340	$105,511	$156,858	$114,394	$133,622	$120,141
% increase from 2011	19%	15%	16%	12%	11%	12%
Average Monthly Rent ❹	$1,236	$894	$1,079 - $1,378	$1,186 - $1,220	$956 - $1,246	$922 - $1,301
% increase from 2011	16%	23%	11-22%	13-14%	10-18%	9-11%
Qualifying Income ❺	$49,440	$35,760	$43k - $55k	$47k - $48k	$38k - $49k	$36k - $52k
Vacancy Rate ❼	1.3%	4.5%	0.6- 1.8%	1.2 - 1.4%	0.7 - 3.1%	0.2 - 6.0%
Condominium rental - One Bedroom ❿	$1,819	n/a	$1,646	$1,628	$1,545	$1,559
% increase from 2011	13%	-	25%	17%	11%	30%
Qualifying Income ❺	$72,760	-	$65,840	$65,120	$61,800	$62,360
2021						
Avg. 1 Person Household Income ❶	$63,850	$50,800	$70,100	$57,850	$64,100	$58,300
% increase from 2011	33%	36%	26%	21%	28%	27%
Avg. 2+ Person Household Income ❶	$149,800	$131,200	$178,000	$140,600	$155,400	$142,800
% increase from 2011	43%	43%	32%	37%	30%	34%
Average Monthly Rent ❹	$1,570	$1,183	$1,280 - $1,701	$1,497 - $1,545	$1,283 - $1,586	$1,228 - $1,559
% increase from 2011	47%	63%	32-51%	42-44%	27-34%	20-33%
Qualifying Income ❺	$62,800	$47,320	$51k - $68k	$59k - $61k	$51k - $63k	$49k - $62k
Vacancy Rate ❼	4.9%	3.3%	0.7 - 2.1%	2.9 - 3.7%	0.9 - 2.5%	0.3 - 2.5%
Condominium rental - One Bedroom ❿	$2,116	n/a	$2,069	$2,071	$1,993	$2,046
% increase from 2011	32%	-	57%	49%	44%	71%
Qualifying Income ❺	$84,640	-	$82,760	$82,840	$79,720	$81,840
2024						
Avg. 1 Person Household Income (est.) ❾	$71,512	$56,896	$78,512	$64,792	$71,792	$65,296
Avg. 2+ Person Household Income (est.) ❾	$167,776	$146,944	$199,360	$157,472	$174,048	$159,936
Average Monthly Rent ❹	$1,850	$1,433	$1,313 - $2,130	$1,843 - $1,863	$1,761 - $2,035	$1,562-$1,745
% increase from 2021	18%	21%	3-25%	21-23%	28-37%	12-27%
Qualifying Income ❺	$74,000	$57,320	$52k - $85k	$73k - $74k	$70k - $81k	$62k - $69k
Vacancy Rate ❼	2.3%	2.6%	1.8 - 4.2%	2.9 - 4.1%	2.0 - 2.5%	0.6 - 3.6%
Condominium rental - One Bedroom ❿	$2,439	n/a	$2,324	$2,384	$2,411	$2,250
% increase from 2021	15%	-	12%	15%	21%	10%
Qualifying Income ❺	$97,560	-	$92,960	$95,360	$96,440	$90,000

Source: Statistics Canada Census (2011, 2016, 2021); CMHC Rental Housing Market Reports (October 2011, 2016, 2021, 2024); Toronto Real Estate Board (TREB) Rental Market Report (Sept-Dec 2011, Q4-2016); Toronto Regional Real Estate Board (TRREB) Rental Market Report (Q4-2021, Q4-2024)

❶ Household income data from Statistics Canada Census 2011, 2016, 2021
❷ Resale home price data is for "All Home Types" from TRREB and RAHB
❹ Average monthly rental rates for purpose-built apartments only
❺ Qualifying income is based on rental costs representing 30% of gross annual income
❼ Vacancy rate is based on purpose-built apartments only
❾ Household income data for 2024 is estimated based on average rate of growth from 2016 to 2021
❿ Condominium apartment rental data based on Multiple Listings System (MLS) transactions from TRREB

In summary, the data in the above tables tell the story of the increasingly impossible choices and decisions facing GTHA residents around their housing, work, and quality of life as their ability to afford to live in the region is diminished.

HOUSING IS BEING TREATED INCREASINGLY AS AN INVESTMENT; NOT NECESSARILY A HOME

Another key dynamic that has been driving up demand and prices and influencing housing supply in the GTHA has been a growing and significant shift towards buyers who regard housing more as an investment, and less as a home. This "financialization of housing" has turned homes from places to live into commodities and investment vehicles, often prioritizing returns over affordability. This system of housing creation and financing has enabled, supported, and inadvertently favoured this financialization as an attractive way to "de-risk" development, to sustain higher-than-normal sales velocity and absorptions, and to incentivize and reward developers who embrace this financialization model.

The net result has been a continued de-coupling of housing prices from incomes of real people, as well as a growing disconnect between what housing supply is being built and what housing supply is actually needed by real people.

NOTE: More in-depth analysis and examination of the impacts of a financialized housing market will be explored and shared as part of Paper 2, which focuses on the "math of development".

GROWING MISMATCH OF HOUSING SUPPLY, DEMAND, AND EMPLOYMENT

One of the other consequences of housing as an investment has been the focus on building (ever) smaller sized units to address internal feasibility issues to deal with higher costs, and also to keep end selling prices attractive for investors. So today, we have an over abundance of small one bedrooms, now 400-450 square feet in size, suitable for a very specific resident, but not able to address the needs of other households including families and seniors.

Tax structures and zoning regulations have also disincentivized the creation of the diverse housing types most needed by the middle-income workforce; adding to the voices of local residents that often resist densification or change in neighbourhoods.

As a result, there has also been a growing geographic mismatch of housing costs, job locations, and commuting patterns across the GTHA.

Using open-source data, a preliminary GIS analysis of employment locations and housing affordability zones in the GTHA shows that:

1. 82% of new jobs in essential service categories were created in areas where less than 15% of the housing stock is affordable to workers in those sectors.

2. the average distance between affordable housing zones and essential job clusters has increased by 41% since 2010.

3. the geographic affordability zone for essential workers has moved 29 kilometers further from the regional core since 2010.

This spatial mismatch is also illustrated by research from the Toronto Region Board of Trade and WoodGreen (2020) which found that a community service worker earning $50,000 annually could only afford to rent a one-bedroom unit in only three Toronto neighborhoods—Long Branch, Keelesdale-Eglinton West, or Rexdale-Kipling. Similarly, a construction form worker earning $80,000 annually and looking to purchase a condo could only afford to do so in East Scarborough.

The GTHA faces not only a housing shortage but also a mismatch between the types of housing being built and what the workforce needs.

- While 72% of essential worker households need two or more bedroom units, only 14% of new housing units built in the past decade provide this configuration at workforce-affordable price points.
- Transit-accessible neighborhoods have seen housing costs increase 58% faster than regional averages, pushing essential workers into car-dependent communities despite their often-lower incomes.
- Missing middle housing types (duplexes, triplexes, townhomes) that typically provide workforce-affordable options represent just 6% of new housing construction despite strong demand.

The Canadian Centre for Economic Analysis (2024) research highlights how transportation infrastructure investments have failed to keep pace with population growth. Their analysis shows that investment relative to population growth has fallen by 49% since 2015, contributing significantly to the region's congestion challenges. This underinvestment is directly related to the workforce housing crisis, as it makes commuting from more affordable areas increasingly difficult and time-consuming.

The result is a housing market fundamentally misaligned with the needs and means of the workforce that powers the GTHA's economy, which in turn creates a cascade of negative consequences: longer commutes, higher transportation costs, increased emissions, and reduced quality of life for workers.

Building the Business Case for Action

The preliminary survey results provide a valuable "snapshot" into the lives of our middle-income workers and illustrates how the housing crisis touches every aspect of life in the GTHA, creating cascading impacts that threaten the region's continued prosperity and livability.

Therefore, addressing the housing affordability crisis is not merely a social imperative, but a sound business investment for the GTHA region and beyond.

FINANCIAL COST-BENEFITS OF HOUSING AFFORDABILITY

Our research of employer-assisted housing programs and public policy interventions reveals compelling returns that should interest any business leader concerned with operational efficiency, talent attraction, and long-term growth.

Employer Benefits

Case studies of employer-assisted housing initiatives documented by the Toronto Region Board of Trade (2023) show:

- 31% reduction in turnover among participating employees.
- 22% decrease in absenteeism.
- 28% improvement in on-time arrivals.
- measurable improvements in employee satisfaction and engagement.

The Canadian Centre for Economic Analysis (2024) reinforces this business case, finding that congestion has resulted in a $5.0 billion reduction in private capital investment in the GTHA, including losses of $570 million in manufacturing, $180 million in construction, and $100 million in professional services. These economic impacts directly affect business operations and competitiveness.

Public Sector Returns

Public investments in workforce housing yield substantial returns that benefit the broader business environment:

- $4.30 in reduced social and infrastructure costs for every $1.00 invested.
- 2.3x multiplier effect on local economic activity from construction and operations.
- significant tax revenue increases from redevelopment of underutilized properties.
- measurable improvements in service delivery metrics.

For businesses, these public investments create several advantages:

- expanded labour pools in key locations.
- reduced infrastructure costs passed through as taxes.
- more stable and predictable operating environments.
- improved public services that support business operations.

The Social Imperative

Beyond economic considerations, workforce housing also addresses fundamental social equity concerns. It:

- creates pathways to housing stability for middle-income workers who serve our communities.
- reduces inequality by ensuring those who provide essential services can afford to live with dignity.
- builds more diverse, inclusive communities with a mix of incomes and occupations.
- strengthens social cohesion by enabling middle-income workers to live in the communities in which they serve.

The Environmental Case

Addressing workforce housing delivers significant environmental benefits. It:

- reduces commute distances, lowering transportation emissions.
- enables transit-oriented development by ensuring transit-accessible housing remains affordable to the workforce.
- decreases pressure for sprawl development on the urban periphery.
- supports compact development that uses infrastructure more efficiently.

The Canadian Centre for Economic Analysis (2024) finds that if congestion were limited to two or fewer days per week, the well-being of Ontario commuters could improve by up to 6%. This improvement translates to an economic value of $43.6 billion in Ontario, with $34.6 billion in the GTHA. These figures represent approximately 9.4% of the annual income of those affected by congestion.

SOCIAL VALUE COST-BENEFITS OF HOUSING AFFORDABILITY

To make the business case for affordable housing, it is important to also quantify the financial costs of the social impacts of housing unaffordability on personal and societal well-being in order to understand the "true costs" of the housing crisis on quality of life and satisfaction of residents and communities in the GTHA, in addition to the economic monetary factors.

The Canadian Centre for Economic Analysis (2024) report, *Locked Out: Social Value Cost of GTAs Housing Crisis*, attempts to quantify these social costs using an agent-based model that combines demographic, economic, and financial data and personal well-being evaluations from Statistics Canada in order to "calculate the monetary equivalent of the negative change in well-being associated with housing unaffordability".

Essentially, their research found that individuals spending more than 50% of their income on housing had a well-being score of 6.79 compared to 7.48 for individuals spending less than 30% of their income on housing or 9% lower levels of life satisfaction.

Using these relative measures as guides to calculate the monetary equivalents in income loss (or gain) of living affordability vs living unaffordability, the report found that the "total negative social value for residents living unaffordability in the GTA is estimated at $37 billion in 2023." This translates into 7.7% of annual GDP in the GTA and 4.5% of annual GDP in Ontario. Notably, renters share in 60% of this "social value cost", and nearly half (48%) of these costs are borne by younger residents under 35 years.

Preliminary Thoughts and Insights for Action

The workforce housing crisis is not just a housing issue, it is an economic, social, and public health crisis that threatens the long-term prosperity and livability of the GTHA.

As such, addressing this challenge requires collaborative action across many sectors and levels of government.

What makes the middle-income housing affordability challenge unique is that it sits at the intersection of market rate and affordable housing, requiring new thinking, new partnerships, and new approaches.

Therefore, the solution will require coordinated action from all stakeholders, including employers, developers, financial institutions, municipal, provincial and federal governments, and non-profit organizations.

Most importantly, we must centre the voices and experiences of the middle-income workers themselves in designing solutions that truly address their needs and aspirations.

While the final insights and recommendations for action will be presented in the fourth and final Paper of this series in November 2025, following are some preliminary thoughts on actions that could be considered by key stakeholders in exploring new solutions to address housing affordability crisis in the GTHA.

NOTE: This is the start of a list of ideas that will continue to grow and evolve over the subsequent series of Papers.

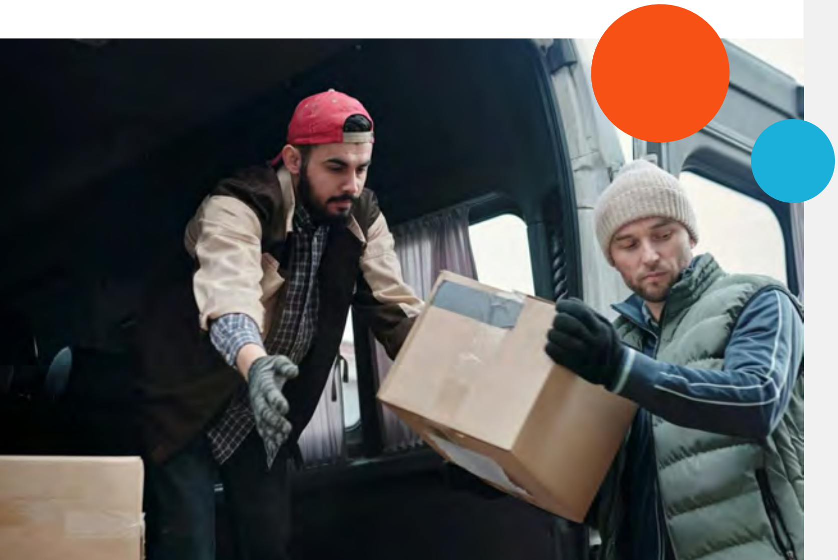
For Employers

Employers and businesses who depend on workforce talent can contribute to housing solutions through direct programs, advocacy, and partnerships. Some ideas being adopted by forward-thinking businesses to address their workforce housing challenges include:

- Direct Employer Solutions, such as housing assistance programs, employer-assisted partnerships with developers for workforce housing, land contributions for workforce housing development, and master leasing or head leasing of rental units at favorable rates for employee housing.

- Collaborative Approaches, such as industry consortiums for workforce housing initiatives, public-private partnerships with municipalities, transportation collaboratives, and coordinated policy advocacy.

- Strategic Planning Considerations, such as compensation structures based on geographic housing cost variations, housing assistance as part of employee benefits packages and investing, and building talent pipelines in areas with housing affordability.



For Developers

Developers who build our housing supply can create workforce-appropriate options with the right incentives and collaborations.

- Pursue strategic partnerships with employers to build workforce housing.

- Provide rental apartments at favourable discounted head lease rates for workforce housing.

For Financial Institutions

Financial institutions who finance housing construction can create innovative financing products that address the specific challenges of workforce housing development and acquisition.

For Municipal Governments

Municipal governments who control land use can enable appropriate and/or targeted housing development through zoning, approval processes, and incentives.

Municipal governments should also start gathering, tracking, and measuring data on shelter usage by users who are working so that we can start to understand the magnitude of the problem and come up with housing supports and solutions to prevent our low and middle-income earning workers and families from falling into homelessness.

For Provincial and Federal Governments

Provincial and federal governments who control and make decisions about funding for infrastructure and social policies can provide policy frameworks and funding to catalyze local solutions for affordable housing.

They can also start making key investments to upgrade and expand the transportation infrastructure, including both roads/highways and public transit, that our middle-income workers who do the type of jobs that cannot be done remotely, rely on upon daily for their own livelihood, as well as the smooth functioning of our region and communities.

The federal government should ensure that decisions around immigration, foreign student visas, and foreign temporary worker programs are coordinated with provinces and municipalities to ensure that sufficient resources and supports are available when they arrive, especially housing.

For Non-Profit Organizations

Non-profit and community organizations who are embedded in their communities can bring important mission focus and implementation capacity to collaborative affordable housing efforts and initiatives.

Next Steps

In the Call-to-Action Papers that follow, we will explore the economics, potential solutions, and implementation pathways to address this housing crisis, particularly against the backdrop of looming tariffs, trade wars, rising costs, and growing economic uncertainty in the GTHA, Ontario, Canada, and globally.

But the fundamental "why" is clear: the GTHA cannot thrive when those who make our region function cannot afford to call it home.

For business, government and community leaders, the question is not whether to address workforce housing, but how.

Those who move proactively will gain significant advantages in talent attraction, operational efficiency, and community goodwill. Those who wait may find themselves increasingly constrained by the very challenges this paper has outlined.

The GTHA cannot thrive when those who make our region function cannot afford to call it home.

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