

Toronto's Housing Subsidy Program*

An Analysis on Low Income Families' Finances

Raghav Bhatia

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This paper analyses the impact of Toronto's housing subsidies programs on the estimated finances of low income households. The data reflects the costs of 3 types of low income households: 2 parent households, 1 parent households, and one person households. It finds that for all 3 types of households, the estimated rent burden would significantly be reduced due to the subsidies. This would significantly reduce the rent burden which makes up a big chunk of monthly expenses.

1 Introduction

The Toronto housing crises has reached a breaking point with home price growth quadrupling compared to growth in income and rents doubling compared to the same. While the city provides housing support in the form of housing subsidies, these seem to be mistargeted towards middle income households, fairly overshadowing low income households.

Though this has been the case for a long while, a few years back, the Ontario government unveiled 3 new housing support programs under the umbrella of the Community Housing Renewal Strategy (CHRS). The CHRS is a comprehensive framework of policy measures designed to implement housing and homelessness initiatives, under which the following initiatives for housing relief fall: 1. Ontario Priorities Housing Initiative (OPHI): This provides funding support concerning housing supply, rental construction, and tenant support and affordable homeownership. 2. Canada-Ontario Community Housing Initiative (COCHI): Funding support for the construction and maintenance of community housing supply, and affordability support for tenants. 3. Canada-Ontario Housing Benefit (COHB): Direct funding support to tenants based of their monthly rent and income.

While the first program targets primarily homeowners, the second and third programs were designed as support programs for low income households in need of housing. The second program is the primary gateway for vulnerable households looking for housing. When a household

*Code and data are available at: https://github.com/1raghav-bhatia/Toronto_Housing_subsidies.git.

is looking for housing support initially, the second program is usually prioritized as the first measure in providing them with this support. COCHI is a rent-geared-to-income (RGI) program, which means that tenants pay a monthly rent that's set based on the tenants monthly income. This ensures that tenants have the sufficient financial ability to service their rent.

While COCHI is able to subsidize a good chunk of the distressed household's rent, it doesn't come close to providing the required relief to a certain subset of low income households that we will analyse in this paper. For such households, the program providing sufficient relief is the Canada-Ontario Housing Benefit (COHB) which is a direct payment to households.

2 Data