

2018 Housing is Fundamental

A report to the city & county of Peterborough



13th Edition



Low-Waged Precarious Employment

Job insecurity, poverty-level wages and lack of benefits are the new reality for many Ontario workers whose numbers have grown by 94% over the last twenty years.

1.5 million workers in Ontario make less than \$15 an hour.

Read more at:

<http://www.nugget.ca/2017/09/27/low-waged-precarious-employment-taking-toll-on-our-community>

Commentary:

The economy is growing and profits are up, but wages are being left behind. Employers must play their part. Inadequate wages and high relative shelter costs limit discretionary spending. An economy lacking in adequate consumer participation is bound to shrink.

As the 2016 Census Informs - Peterborough is now: Poorer, Less Affordable, More Precarious.



Going the Wrong Way

With the release of the 2016 census data for our community, we now have more households spending in excess of 30% for their shelter than we did in the 2011 census. In fact, this number has been growing for more than a decade. That's more households spending more on housing with less left over for everything else.

It doesn't help that:

- rent escalation proportionally outpaces income increases,
- vacancy rates are very low
- a soaring housing market keeps people from making the leap to ownership,
- even more people work in part-time jobs than reported in the 2011 census,
- more "low-income" exists than reported in the 2011 census.

The steady advance of automation promises more full-time jobs losses, more precarious employment and more shelter cost overspending. Poor nutrition, chronic health problems, inability to buy necessities, and negative effects on children are serious enough outcomes. Then there are the insidious social problems associated with punishing shelter costs.

".... in all the developed countries, the real problem is... the inexorable advance of automation and the resulting hemorrhage of jobs." Gwynne Dyer, June 12, 2018

Source: <https://www.thespec.com/opinion-story/8663910-automation-not-trade-is-what-trump-should-really-be-concerned-about/>

Locally, we are fiscally unable to remedy the entire overspending dilemma. Nor is it within the purview of municipalities to do so. Municipalities rely on Federal and Provincial Governments for housing funding. Nevertheless, can we be inactive when a household falls into dire circumstances with no other apparent help? Just as any caring person could not be idle while imminent danger victimizes the life of a stranger, we need to be there with a life-line. We have the capacity locally to do that much. Surely the willingness and resolve to do this can be found. Otherwise, we will continue to go the wrong way.

- Paul Armstrong

Note: "Overspending" means spending more on shelter costs than CMHC's definition of affordability.

Voices: The National Housing Strategy has declared housing a human right. The time is right to influence decision makers about how to spend funds that will be coming to communities, but we need to have the discussions now. (Housing Roundtable May 2, 2018)

Precarious Employment/Low Income

The displacement of workers from secure jobs to precarious employment has become an all too frequent theme associated with profit enhancement.

We are witness to a society where individuals have been increasingly destabilized economically over several decades.

- Paul Armstrong



Rental Market Highlights

Peterborough 2017

- both rental demand and rental supply unchanged from 2016
- turnover rate among the lower in Ontario (one of the tighter markets in Ontario)
- average rent increased by 2.8% (up from 1.3% in 2016) (above 2017 guideline of 1.5%)
- average rent increase for 2-bedroom in downtown core increased by 4%
- vacancy rate stable at 1.1% (one of the lowest vacancy rates in Ontario)
- one of the lower vacancy rates among major Ontario centres (second year in a row)
- poor supply: net increase in rental universe was negligible
- no completion of condominium apartments nor assisted housing units
- no rental apartment completions between July 2016 and June 2017
- seniors demand for rental units remained strong
- moving to homeownership diminishes as people age
- high homeownership cost kept people in rental units
- turnover rate 15.5% (Oct. 2017) one of the lower rates in Ontario - Toronto (14.5%) Oshawa (14.7%)
- rent controls do not apply upon turnover – increased potential for higher rent

Source: CMHC Rental Market Report Peterborough 2017

Demographic Notes

Peterborough is the CMA with the oldest age structure in Ontario

Seniors aged 70 and older increased by 4.4% during last two years.

Population aged 15 to 44 years declined by 0.2% during same period.

*Homeownership 2016-17	Rental 2016-17	Result
22% increase in mortgage carrying cost	2.8% increase in average rent	Fewer renters make transition to homeownership

O.W. And O.D.S.P. Caseload

City and County of Peterborough

Year	Ontario Works (O.W.)	Ontario Disability Support Program (O.D.S.P.)
2016 (Dec.)	3,855*	5,629*
2017 (Dec.)	3,783*	5,528*

O.W. Caseloads have decreased by 1.9% (2016-2017)

O.D.S.P. Caseloads have decreased by 1.8% (2016-2017)

*reflect annual year-to-date averages at year's end

Source: Social Services Division, City of Peterborough; Ontario Disability Support Office, Peterborough

Per cent of Renter Households in "Core Housing Need"

2006 Census	2011 Census	2016 Census
44.3%	48.1%	52.5%

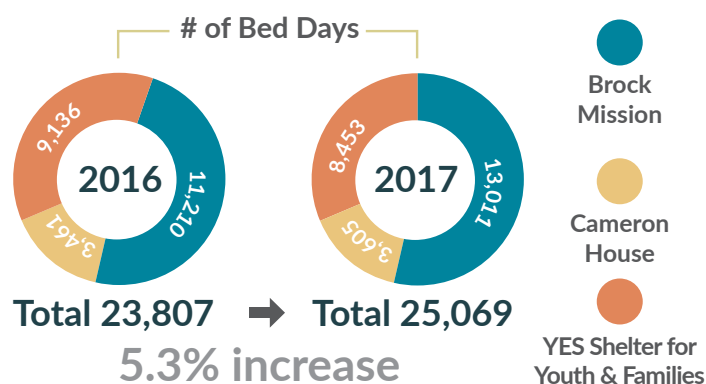
Source: Census Profile, Peterborough CMA, 2016

"Core housing need" = spending more than 30% of total household income for shelter costs

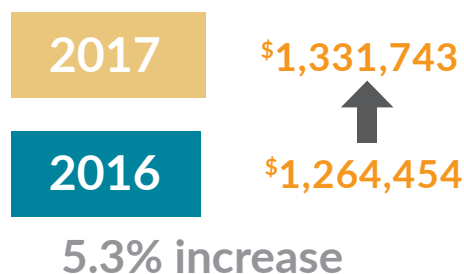
Commentary:

Census numbers on "core housing need" reveal that housing insecurity is steadily growing in Peterborough and surroundings.

Peterborough Emergency Shelter Costs



Total Funding



Source: Social Services Division, City of Peterborough

Peterborough CMA - FALL 2017

Average Private Market Rents & Required Minimum Income

Rooms	Rent	Hourly Wage	Annual Wage
Bachelor	\$705	\$14.46	\$28,200
1 Bedroom	\$850	\$17.44	\$34,000
2 Bedroom	\$988	\$20.27	\$39,520
3 Bedroom	\$1,190	\$24.41	\$47,600

Source: Canada Mortgage and Housing Rental Market Report, FALL 2017 (Peterborough CMA) and Custom Calculations

- Market rents may or may not include heat and hydro.
- Rents are 'affordable' (CMHC definition) when wages are at or above the numbers in the chart.
- Rents are deemed affordable when they represent no more than 30% of the gross, combined household income. (CMHC)
- Hourly wage based on an individual working 37.5 hours weekly for a full year (1,950 hrs.)

Core Housing Need and Overspending

'Core housing need' is a useful indicator of how many households are spending in excess of 30% of their before-tax incomes for shelter. It is useful in gauging the extent to which households fall into this condition.

'Overspending' is a valuable, quantitative indicator that is reported in dollars. Knowing by how much a household overspends provides a clear picture of their housing burden. All households in core housing need 'overspend'.

When we know the aggregate sum of overspending, we understand the severity of housing burden in the community.

We know that rent supplements reduce the housing burden of an individual household. But it is important to remember that not all rent supplements lower that burden to equal to or less than 30% of total household income. In fact, most rent supplements cannot remove households from membership in core housing need.

It is true, therefore, that rent supplements are unlikely to reduce the core housing need rate for a community. However, rent supplements definitely reduce the amount by which a household overspends. When we consider the aggregate of shelter overspending in a community, it will be lower after rent supplements are applied.

Source: Steve Pomeroy, June 2017

<https://maytree.com/wp-content/uploads/1114ENG.pdf>

Commentary: Rent supplement dollars not only improve household living standards, nutrition and health, these dollars bolster the local economy. For obvious reasons, households in greatest housing crisis should be given priority for rent supplements. With the growth of precarious employment and low income, the risk of housing crisis increases.

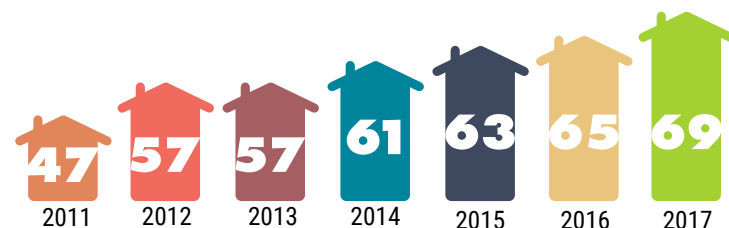
Renting 56% Cheaper than Emergency Shelter in Peterborough

One Person	Emergency Shelter	Bachelor Apartment	Savings by Renting
Monthly	\$1,615.73	\$705.00	\$910.73
Annually	\$19,388.76	\$8,460.00	\$10,928.76

Source: CMHC Rental Market Stats, Fall 2017; Social Services, City of Peterborough Emergency Shelter Stats and Custom Calculations

Note: Regarding the savings noted above, the cost of supportive services that maintain individuals in their apartments must be considered.

Average number of individuals sheltered per night in Peterborough



Source: Custom Calculations.



Source: Housing Access Peterborough

Note: The social housing wait list has grown by 179 names from December 2016 to December 2017. This is the net result after some names have been removed and more names added.

Rent Increases - 2010 to 2017

(AMR) = Average Market Rent

Rental Unit Type	2010 (AMR)	2015 (AMR)	2017 (AMR)	% Change 2010-2015	% Change 2010-2017	% Change 2015-2017
Bachelor	\$590	\$666	\$705	12.9%	19.5%	5.9%
1 Bdrm.	\$747	\$816	\$850	9.2%	13.8%	4.2%
2 Bdrm.	\$890	\$959	\$988	7.8%	11.0%	3.0%
3 Bdrm.	\$1,096	\$1,172	\$1,190	6.9%	8.6%	1.5%
Inflation	http://inflationcalculator.ca/			8.67%	11.93%	3.0%

Note: 2011 and 2016 Census statistics were based on 2010 and 2015 data collections.

Source: CMHC Rental Market Reports, Peterborough CMA, 2010, 2015, 2017

Commentary: Bachelor and one-bedroom apartment have increased the most exceeding the inflation rate for the corresponding period. Households with lowest incomes who rent these unit types sustain the higher rent increases.

Note: All private rental units, including ones built or first occupied on or after November 1, 1991 are subject to rent control effective April 20, 2017. In 2017, the maximum allowable rent increase is 1.5% of the current rent. Between Jan. 1 and Dec. 31, 2018 the rent increase guideline is 1.8 %.



"Affordability"

Building Affordable Units; Rent Supplements; and Shelter-To-Income-Ratios

Rental housing is 'affordable' if the occupant household spends no more than 30% of its total before-tax income on rent and housing-related costs.

Building "affordable units" entails subsidies to the developer in return for rents that are 80% of the average market rent. Construction is capital intensive and the resulting rents are commonly unaffordable for households who already spend the largest proportions of their incomes on housing. Thus households in greatest need are those financially restricted from occupying newly built "affordable units".

Rent supplements, paid monthly to the household, reduce the degree to which they overspend on shelter costs. Rent supplements are not capital intensive. They do not require the time and land for construction of "affordable units". Over time household circumstances can change wherein the rent supplement may not be required.

Shelter-to-income ratios (STIR) are useful measuring tools in determining a household's real housing expense and a community's overall housing affordability. David Hulchanski finds these ratios useful measures because:

- they describe a typical household's housing spending;
- define housing needs for policy purposes;
- help with analysis;
- determine who should be able to access housing subsidies;
- predict whether households can pay a rent or mortgage; and
- help in deciding who gets a rental unit or mortgage.

Nathanael Lauster states: "It gives us some sense of how many people are facing a real crisis."

Example of STIR: A household has shelter expenses exceeding 30% of their income (STIR). In the City of Peterborough, 53.6% of renters are in this condition.

Read: What Do You Mean By 'Affordable Housing'?

<https://thetyee.ca/News/2017/08/07/Affordable-Housing-BC/>

Commentary: With the expansion of precarious employment, more and more households experience overspending on shelter costs making them more vulnerable to rent arrears and potential eviction.

How Busy Is Peterborough's Warming Room?

(a place of shelter and refuge outside of emergency shelters)

Warming Room	2017
Total Annual Bed Days	5,652
Total Annual Cost	\$209,194.91

Source: Christian Harvey, Warming Room Community Ministries

'Core Housing Need' * Municipality Comparison 2016

Peterborough CMA	52.5%	Peterborough Only	53.6%
Belleville CMA	47.0%	Belleville Only	47.4%
Oshawa CMA	48.5%	Oshawa Only	50.4%
Barrie CMA	49.8%	Barrie Only	50.4%
Hamilton CMA	45.2%	Hamilton Only	45.4%
Guelph CMA	40.7%	Guelph Only	40.8%

*'Core Housing Need' = spending more than 30% of total household income on shelter costs

Source: 2016 Census Profiles for Census Metropolitan Areas and Census Subdivisions

See "Prevalence of Low Income Using Low Income Measure – After Tax" in this document. Note that Peterborough has the highest prevalence of low income and the highest 'core housing need' rate.



More than 1 in 5 households have income below \$30,000 (after-tax)

Low Income Ranks Grow

Census Year	Peterborough CMA	Peterborough City	Ontario	Canada
2011	13.1%	16.1%	-	-
2016	15.3%	18.6%	14.4%	14.2%

Source: 2016 Census Results from various profiles

*LIM-AT Low Income Measure – After Tax – income is less than 50% of the median after-tax income

Work and Employment Labour Force (Peterborough CMA)

Census Year	Worked full year, full time	Worked part year or part time	Total
2011	42,725 (75.0%)	14,210 (25.0%)	56,935
2016	31,490 (49.8%)	31,735 (50.2%)	63,225

Source: Census Profile, Peterborough CMA, 2016

*Note: Part-time workers do not usually work a full 1,950 hours (standard work-year).



Lack of employment and underemployment are key contributors to low income status which in turn determines 'core housing need' rates and overspending on shelter costs.



More than half of individual incomes are below \$30,000 (after-tax)

Source: *Census Profile, Peterborough CMA, 2016, **National Household Survey 2011, and ***Census Tables 2017

Prevalence of Low Income Using 'Low Income Measure - After Tax' 2016



Source: 2016 Census Results from various Census Profiles

The Low Income Measure (LIM) includes any income less than 50% of the income median.

Commentary: Almost one in five persons in Peterborough is considered to be in "low income". The expanding 'core housing need' rate in Peterborough is no mystery. See "Core Housing Need Municipality Comparison" in this document.

Median Household and Individual Income - After-Tax - 2016 Census

City Census 2016	Median Household Income	Median Individual Income
Peterborough	\$52,195	\$27,691
Belleville	\$53,367	\$28,217
Oshawa	\$61,873	\$30,538
Barrie	\$68,019	\$30,644
Hamilton	\$61,168	\$30,175
Guelph	\$67,829	\$33,754
Ontario	\$65,285	\$30,641

Source: 2016 Income Data - City Census Subdivisions

Income: 2016 Census Highlights - Peterborough CMA

Median Total Income	Median Full-time and Part-Time Employment	Median Government Transfer
\$31,867 (\$29,294 in 2011)	\$28,578	\$7,563

Notes: An 'affordable' rent for an income of \$30,000 is \$750 per month.

- Current monthly rent for a one-bedroom apartment is \$850 (CMHC 2017).

- Renters pay their rent with after-tax dollars.

Source: Census Profile 2016, Peterborough CMA and NHS Profile 2011

<http://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=529&Geo2=PR&Code2=35&Data=Count&SearchText=Peterborough&SearchType=Begin&SearchPR=01&B1=Income&TABID=1>

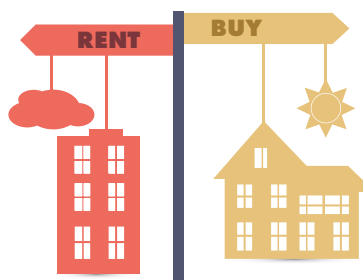
Affordable Housing In Canada In Crisis As Rental Rates Climb, Supply Dwindles

The Canadian Press - Read story at:

<https://bit.ly/2AvrskV>

Commentary:

Statistical evidence from the 2016 Census Profile strongly suggests that the Peterborough CMA shares in this 'crisis'. A low vacancy rate, short apartment supply, escalating rent costs and a high 'core housing need' rate suggest a local crisis among renter households.



Median Shelter Costs and Median Income - 2011-2016

Median Monthly Shelter Costs	2011	2016	Percentage Change
Renters	\$850	\$950	Up 11.8%
Owners	\$921	\$1,102	Up 19.6%
Median Total Income Before Tax	\$29,294	\$31,867	Up 8.8%

Source: Census Profiles for Peterborough CMA, 2011, 2016

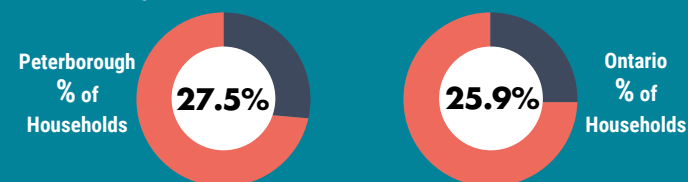
Spending 30% or more of household income for shelter costs Peterborough CMA - 2016

Renters	52.5%
Owners	16.2%

Source: Census Profile for Peterborough CMA, 2016

One-Person Households

*One-person households are much more likely to be in 'core housing need' than other households.



Source: Census Profile 2016 Peterborough CMA

50% of food bank users in Ontario are in one-person households. 70% of these users had income from either social assistance, disability support or old-age security.

Read more: The Hunger Report, 2017, The Rising Cost of Housing and Its Impact on Hunger in Ontario <https://oafb.ca/wp-content/uploads/2017/11/Hunger-Report-2017.pdf>



A New Canada Housing Benefit (2020 launch)

This Benefit will provide affordability support directly to families and individuals in housing need including those in social housing (potentially), those on social housing wait-lists, and those housed in the private market but struggling to make ends meet. An average of \$2,500 per year for each recipient household is expected.

Source: Canada's National Housing Strategy (2017)

Does the Canada Housing Benefit respond to the scope of the housing crisis?

This benefit is designed to serve about 300,000 renter households in Canada. That means only 6.7% of almost 4.5 million renter households across Canada will get this benefit ($300,000 / 4,474,530 = .067$). (see below)

How many renter households in Peterborough will (potentially) receive this benefit?

Location	Number of Rental Households	In 'Core Housing Need'	6.7% of renter households will receive the benefit
Peterborough (City Only)	13,145	53.6% or 7,046	881
Canada	4,474,530	40% or 1,789,812	299,794

Did You Know?

"Core housing need" includes any household spending more than 30% of before-tax (BT) income for shelter costs (CMHC definition). But all households pay their shelter costs in after-tax (AT) dollars. Does this suggest that both 'overspending' and 'core housing need' are understated statistically?

Example:

The Smiths spend \$20,000 on shelter costs. If their before-tax income is \$50,000 they spend 40% ($\$20,000 / \$50,000$) of their before-tax dollars. But their after-tax income is \$42,000 assuming a 16% tax rate. In after-tax dollars they actually spend 47.6% ($\$20,000 / \$42,000$) of their household income on shelter costs.

	The Smiths	Shelter Costs	Shelter-to-income ratio
Before Tax Income	\$50,000	\$20,000	40%
After Tax Income	\$42,000	\$20,000	47.6%

If the Focus Was on Low-Income Individuals and Households



An age-friendly plan using the framework of the World Health Organization has been developed in Peterborough. But there is another growing social cohort for which we should have similar concern – those in low-income. Low-income (using the LIM-AT) in the Peterborough CMA is growing according to the 2016 Census Profile.

Questions to consider:

1. Could the age-friendly framework be useful in planning and implementing change for low-income populations?
2. While the age-friendly plans serve a growing cohort, why are we not equally concerned for the growing socio-economic cohort described as "low-income".

Source: CMHC, Housing Observer Online, Age-friendly Kingston, August 3, 2017

Health Care Expenditures Preclude Adequate Social Services Spending



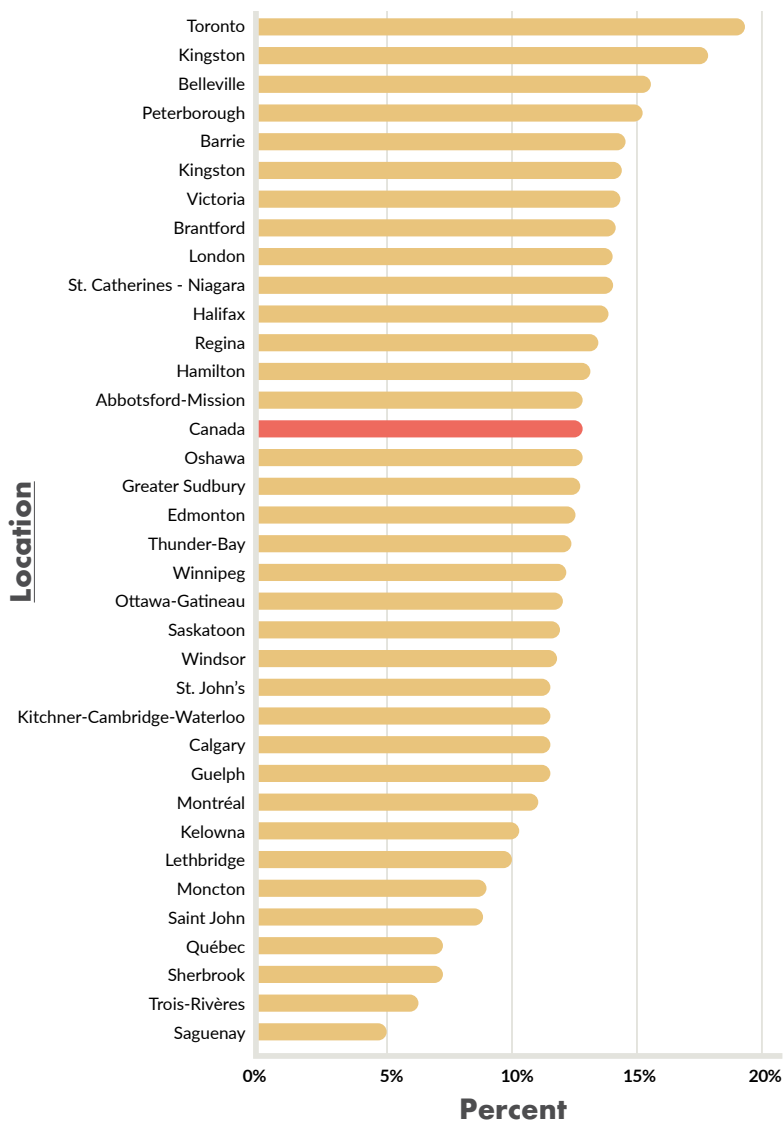
Improved health outcomes is the goal, but it cannot be achieved through steadily increasing expenditures in health care alone. Health responds to a host of socioeconomic factors known as the 'social determinants of health'. Analysis suggests that spending on social services can actually do more for a population's health than spending on health care. For the homeless, for example, spending on affordable housing can have more impact on health outcomes compared to spending on health care services.

Spending on health care in Canada has doubled (in per capita terms) since 1981 while social spending has seen little growth. Canada spends the least on social programs as a per cent of GDP compared to ten other high-income countries. (Dutton and Zwicker, 2018)

Read more at: <https://www.pressreader.com/canada/the-peterborough-examiner/20180514/281578061307512>



Core Housing Need Rate for Canada and Census Metropolitan areas, 2016



Note: Core housing need is for renters and owners

Source: Statistics Canada, Census of Population, 2016

Precarious Employment: low wages, job instability, and a low degree of control.

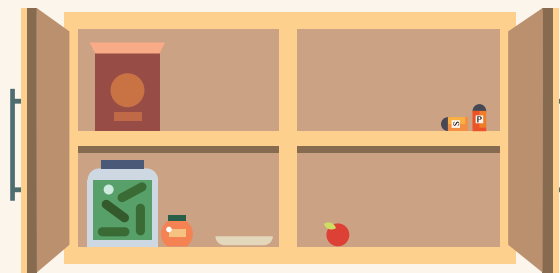
Income Correlation to Health	Self-Reported Health Considered Fair or Poor
Working Non-Poor	8%
Working Poor	19%
Non-Working Poor	43%

Precarious employment has long-lasting effects on individuals, families, and communities. Precarious workers report poorer physical and mental health, difficulties raising children, and lower levels of community participation.

Source: The Wellesley Institute 2015, www.wellesleyinstitute.com

Commentary: Eradicating precarious employment is a hard-fought battle. Labour markets are deeply entrenched in exploitation. But, with the will to do so, we can make rental household accommodation more affordable thus mitigating the effects of precarious employment.

For households in greatest jeopardy, rent supplements are the tools of affordability.



Food Insecurity in Peterborough is...

- due to financial constraints (limited incomes)
- having serious social and health consequences
- impacting 16.5% of households (1 in 6)
- the highest level of food insecurity in Ontario

Source: *Limited Incomes: A Recipe for Food Insecurity*, October 2017

Read the whole report:

<http://www.foodinpeterborough.ca/wp-content/uploads/2014/07/Limited-Incomes-2017.pdf>

Commentary: Both food insecurity and 'core housing need' are the result of limited incomes. In the Peterborough Census Subdivision the renter 'core housing need' rate is 53.6%.

Ontario Association of Food Banks Supports Portable Housing Benefit

Paid directly to tenants to provide housing costs closer to the 'affordability standard' of 30%, this benefit would target those on social assistance and the working poor. Funding would come from the provincial and federal governments both of whom have stated commitments to reducing poverty.

The Means to Poverty Reduction

"If we, as a society, want to be serious about reducing hunger and poverty, we have to address our affordable housing crisis."
(Ontario Association of Food Banks) www.oafb.ca/hunger-action-month



If We Pay the Rent, We Can't Eat

In a prosperous province like Ontario, this should never have to be a choice, but almost half a million adults and children are living with hunger. **For most food bank clients, the greatest barrier to economic stability is access to affordable and safe housing.**

An inadequate social safety net fails to address poverty in Ontario. Circumstances that push families into poverty are not improving. A single person on Ontario Works receives **\$721 monthly** while a recipient of Ontario Disability Support Program receives **\$1,151 monthly**.

The Ontario Association of Food Banks (OAFB) has long advocated for a portable housing benefit (portable rent supplements) for low-income households. The National Housing Strategy also promises a housing benefit. This benefit would be provided directly to the low-income household.

Read more: *The Hunger Report, 2017, The Rising Cost of Housing and Its Impact on Hunger in Ontario* <https://oafb.ca/wp-content/uploads/2017/11/Hunger-Report-2017.pdf>



Canadian households lead the world in terms of debt: OECD

Calculated using the household debt-to-GDP ratio, Canada's debt levels are the highest.

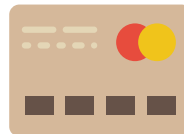
Source: CBC News, November 23, 2017 <http://www.cbc.ca/news/business/oecd-debt-1.4415860>

Canada's Household Debt Burden

Debt as a proportion of household disposable income is now 167.8%. In 1990 the ratio was 90%.

Source: The Canadian Press, as printed in Globe and Mail, December 15, 2017 and the Fraser Institute <https://www.fraserinstitute.org/studies/household-debt-and-government-debt-in-canada>

Commentary: As precarious employment grows, more people must borrow.



Turning Barely Surviving Into Thriving (The Basic Income Guarantee Pilot Project)

She suffers debilitating arthritis, but bought a new walker.

He lost his right leg to a chronic bone disease, but is no longer running out of groceries by the middle of the month.

She has been homeless for almost two years, but is looking for an apartment.

All three residents are participants in Ontario's experiment with basic income, monetary supplementation for people living in poverty.

Source: <https://www.thestar.com/news/ontario/2017/04/24/ontario-launches-basic-income-pilot-for-4000-in-hamilton-thunder-bay-and-lindsay>.

<https://www.thestar.com/news/gta/2018/02/24/from-barely-surviving-to-thriving-ontario-basic-income-recipients-report-less-stress-better-health>.

Commentary: Lives can be changed dramatically with income supplementation. Rent supplements bring additional revenue to low-income households who, upon receipt, report real living improvements. Being the most direct and (cost) effective means of bringing a measure of 'affordability' to renter households, rent supplements have been promoted by all levels of government.

Achieving Affordability:

Rent Supplements Vs. New Units



Make housing "affordable" rather than making "affordable housing".



Commentary: In Peterborough we say there is an affordable housing crisis. As we recognize the growth of precarious work along with the swelling of low-income, perhaps we are more accurate to say that we have an income crisis with housing affordability being one of its serious outcomes.

Housing that is 'affordable' means a stable life free from poverty.

Housing impacts: health, employment, interaction with justice system, growth and development of children, educational outcomes, food sufficiency, personal care, transportation, heat and hydro needs.

Ensuring everyone has proper housing saves us money

Without proper housing supports, you're more likely to be hospitalized or come into contact with the criminal justice system, which has high social and financial costs to society.

Average Monthly Cost:

Rental Supplement	Jail	Hospital
\$701	\$4,333	\$10,900

Source: Ontario Association of Food Banks.
Icons from Flaticon.com

The Big Squeeze: Low-Income Persons in the Middle

- lack of new purpose-built rentals
- very low vacancy rate
- rents inflating faster than consumer price index
- income inflation falls behind ownership and rental costs
- Investment in Affordable Housing (IAH) program inadequate in creating affordability
- social housing inadequate to meet demand

2018 Housing is Fundamental

Housing is Fundamental gratefully acknowledges the support of the United Way

uwpeterborough.ca

