

2023
18th edition

Housing is Fundamental.

Rental Market Highlights

Source: CMHC Rental Market Report, Peterborough CMA, 2023

- **Vacancy rate of 1.1%** (statistically unchanged from 1% in 2021). **Lowest vacancy rate in Ontario for second year in a row.**
- Rental demand **kept pace** with supply growth in 2022.
(Termed 'a tight market')
- 2-bedroom rents **23% higher upon turnover** to new tenants.
- Newly vacant apartment rents were **19% higher** than rent of occupied units.
(all bedroom types)
- Recovery in employment and renewed student inflows **supported rental demand.**
- **70 units (2.8%) added to market**, the largest increase in last 15 years.

New Rental Indicators Raise Concern (CMHC):

- The lowest income households have access to a very small share of the rental stock.
- Significant differences exist between the average rent for occupied units and the average rent for newly vacant units.

Introduction

Housing should be a human right, not a commodity or extractive industry.

Author's Note

Housing is fundamental to wellbeing. Its integration into all other areas of life prompts an examination of the interplay between housing and income, nutrition, health and the capacity to participate in the marketplace. The role of housing market dynamics in poverty and marginalization must be examined.

Threaded throughout this document are implied calls for change. First among these is the appeal to governments for targeted income benefits enabling individuals and households to afford their housing while improving their life quality.

Key to understanding today's housing dilemma is awareness of its origins. In the mid 1990's the federal government withdrew its support for non-profit providers who were supplying social (i.e. rent geared to income, RGI) housing. Today, more than ever, RGI units are required by a growing number of households who cannot afford ANY form of housing.

Successive governments funded development of units that, while not RGI and not affordable to the lowest income earners, offered rents that were 10 to 20 percent below average market rent. However, when developers were unable to meet their profit aspirations, these programs disappeared while higher-end rental supply grew. As a direct consequence homelessness flourished and continues to grow.

Because of the hiatus of its supply, social housing (RGI) is critically essential today. Governments MUST get back into the business of social housing. History has demonstrated that the private marketplace will not, and perhaps cannot, supply RGI units to our lowest income citizens. Three decades of evidence should be enough.

Paul Armstrong

If We Keep Going This Way... Insidious Decline Amplifies Crisis

The housing crisis as reflected in Peterborough and across the nation is worse than it was a year ago. How long will this erosion continue? How many more people have to join the ranks of subsistence living? What are the implications for subsequent generations?

Wealth and income disparity has grown without being checked by pandemic or inflation or anything else. While governments enable this preposterous contrast, their social policy fails to safeguard the vulnerable.

Paul Armstrong

Currently, a household must earn \$53,560 annually (before-tax) in order to ("affordably") rent an average two-bedroom apartment in the Peterborough CMA.



Rents Exceed Rate of Inflation

Affordable monthly rent for a full-time, full-year, minimum wage earner in Ontario would be \$755.62. Compare with average market rents below. While rent prices in Canada grew at a record pace in 2022, Canada witnessed the lowest vacancy rate since 2001, according to the Canada Mortgage and Housing Corp. CMHC recorded a new annual high for the benchmark two-bedroom unit going back to 1990.

Apartment Type	Average Market Rent 2003	Average Market Rent 2022	% Increase 2003-2022	Inflation (CPI) 2003-2022
Bachelor	\$454	\$873	92.3%	48.35%
One Bedroom	\$614	\$1,090	77.5%	
Two Bedroom	\$728	\$1,339	83.9%	
Three Bedroom	\$845	\$1,523	80.2%	

Chart pertains to the Peterborough Census Metropolitan Area
 Sources: CMHC average market rents as reported in *Housing Is Fundamental 2003 - 2022*
 Inflation data: Bank of Canada inflation calculator

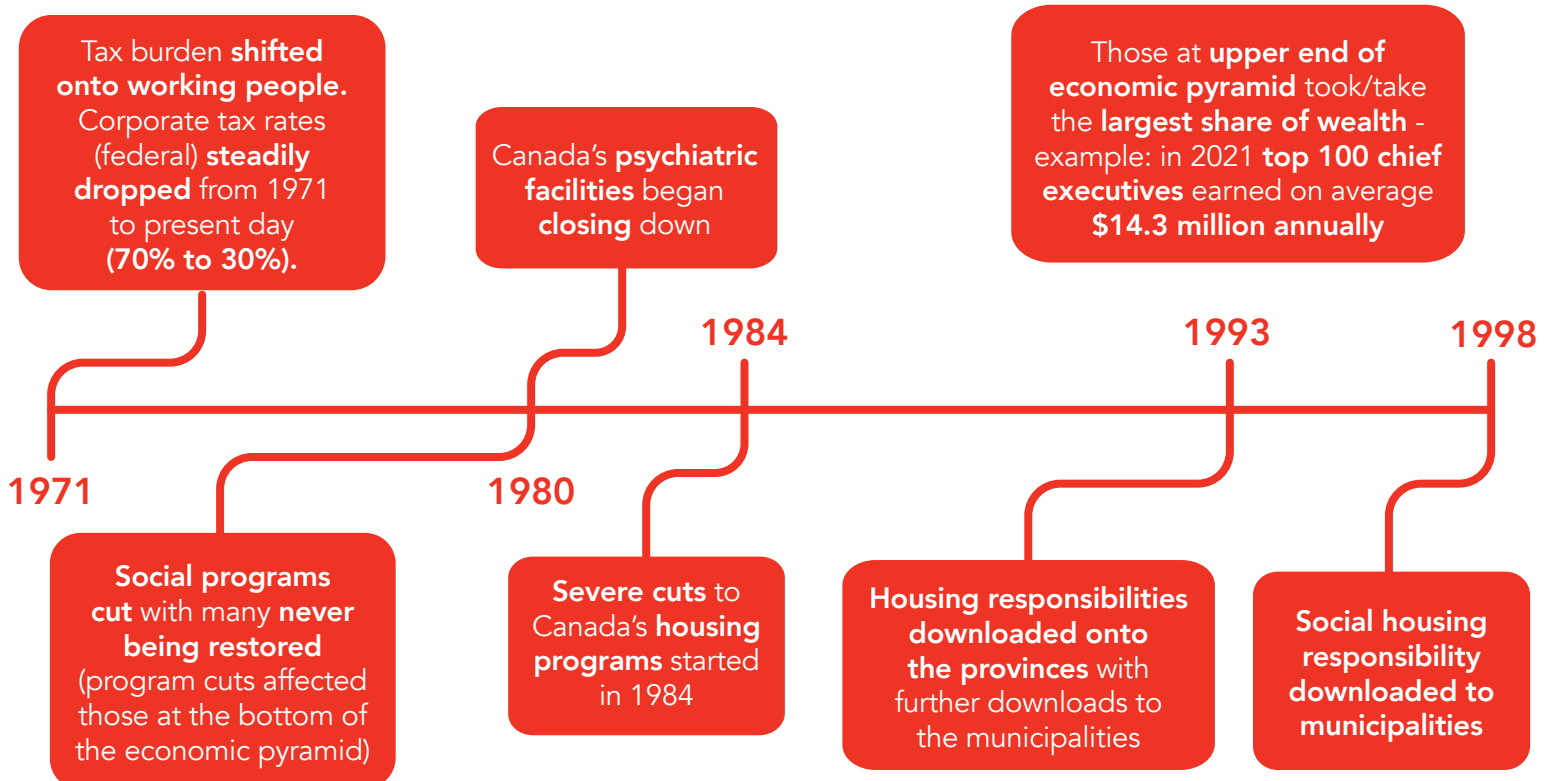
What is "Affordable"? Two Definitions

A term so often misleading and misunderstood.

1. Housing costs should not exceed 30% of total household income.
2. Rent offered at 80% of average market rent.

The first (and best) definition is tailored to the specific household. The second definition is a market definition that does not guarantee housing costs at 30% of household income.

Today's Crisis – It Took 40 Years – What happened?



Rental Market

Average Private Market Rents & Required Minimum Income

The Ontario Rent Increase Guideline for 2023 is 2.5%. Compare with one-year increases. No apartment type in the Peterborough CMA can be rented "affordably" with annual incomes less than \$34,920. A minimum-wage earner has an annual income of \$30,225 when working a full year at \$15.50 per hour.

Type	2021	2022	Change 2021-2022	Household Income for "affordability" in 2022	Wage Hour for "affordability" (full-time work)
Bachelor	\$805	\$873	8.4%	\$34,920	\$17.91
One-Bedroom	\$1,049	\$1,090	3.9%	\$43,600	\$22.36
Two-Bedroom	\$1,316	\$1,339	1.7%	\$53,560	\$27.47
Three-Bedroom	\$1,403	\$1,523	8.5%	\$60,920	\$31.24
Overall Average Market Rent	\$1,211	\$1,244	2.7%	\$49,760	\$25.52

Notes: 1. "affordability" means the household pays no more than 30% of total before-tax income
 2. wage hour calculations based on 1,950 hours of work annually at 37.5 hours per week

Source: CMHC Rental Market Report, Peterborough CMA, 2023

The Tenant Class

Is there a housing crisis or a housing market working exactly as intended?

"The Tenant Class", by political economist Ricardo Tranjan, sees tenants and landlords on opposite sides of the class divide. He suggests that, rather than the market being responsible for rent hikes and evictions, there is an elite systematically funnelling wealth away from working-class families. Both landlords and governments reap massive profits while tenant households struggle to live after paying the rent.

Source: *The Tenant Class* by Ricardo Tranjan <https://btlbooks.com/book/the-tenant-class>



Let's Compare

Rent and Household Income

Peterborough CMA	2016	2021	% Increases
Median Total Household Income After Tax	\$57,876	\$70,500*	21.8%
Average Market Rent	\$936	\$1,211	29.4%
Rent as a Percent of Household Income	19.4%	20.6%	6.2%

Observations:

- Rent increases outpaced income increases between 2016 and 2021.
- Rent as a portion of household income rose by 6.2% from 2016 to 2021.
- The findings in the chart at left suggest a trend wherein housing costs are consuming progressively more of household income.

Sources: 2021 Census Profile (Peterborough CMA)
2016 Census Profile (Peterborough CMA)

Maximum "Affordable" Rent

A rent is deemed affordable when it does not require more than 30% of total, before-tax, household income.

Annual Income Range (households)	\$0 - \$25,000	\$25,000 - \$42,000	\$42,000 - \$64,000	\$64,000 - \$98,000
Affordable Monthly Rent Range (30% of income)	\$0 - \$625	\$625 - \$1,050	\$1,050 - \$1,600	\$1,600 - \$2,450

Source: Census Profile 2021 Peterborough CMA



Notes:

1. Average market rents from CMHC Rental Market Reports for Peterborough CMA
2. Median household income (After-Tax) from 2016 and 2021 Census Profiles for Peterborough CMA.
- 3.*It is important to note that COVID related income benefits were paid in 2020. Therefore the 2021 Census number for household income is likely inflated by those benefits.
4. Percentage increases – custom calculations

Renters Profile

Who Are the Renters in the Peterborough Census Metropolitan Area (2021)

- total owner and renter households in CMA = 53,370 (up 5.6% from 2016)
- 30.4% of all households are rented
- tenant households = 16,185
- tenant households spending more than 30% of household income = 43% or 6,960 households
- tenant households four times more likely to be in 'core housing need' than owner households
- tenant households that are subsidized = 16.2% of all tenant households
- nationwide tenant household median costs = \$1,120 (17.6% increase since 2016)
- tenant household average costs = \$1,207

Household Income and Rent Affordability - Peterborough CMA 2021

Household Income (After-Tax)	All CMA households (53,370)	Affordable Rent Monthly	Average Market Rents Per Unit Type	# Households Unable to Rent Unit Type Affordably
Under \$5,000	435	Up to \$125	Bachelor - \$873	9,445 households (bachelor unit)
\$5,000 - \$9,999	300	\$125 to \$250		
\$10,000 - \$14,999	635	\$250 to \$375		
\$15,000 - \$19,999	1,230	\$375 to \$500		
\$20,000 - \$24,999	2,310	\$500 to \$625		
\$25,000 - \$29,999	2,410	\$625 to \$750		
\$30,000 - \$34,999	2,125	\$750 to \$875		
\$35,000 - \$39,999	2,420	\$875 to \$1,000	One Bed - \$1,090	13,065 households (one bedroom unit)
\$40,000 - \$44,999	2,475	\$1,000 to \$1,125		
\$45,000 - \$49,999	2,490	\$1,125 to \$1,250	Two Bed - \$1,339	18,830 households (two bedroom unit)
\$50,000 - \$59,999	4,980	\$1,250 to \$1,500		
\$60,000 - \$69,999	4,660	\$1,500 to \$1,750	Three Bed - \$1,523	21,810 households (three bedroom unit)
\$70,000 - \$79,999	4,215	\$1,750 to \$2,000		
\$80,000 - \$89,999	3,830	\$2,000 to \$2,250	All apartment type rents are affordable.	Remainder of households can afford to rent any unit types.
\$90,000 - \$99,999	3,435	\$2,250 to \$2,500		
\$100,000 and over	15,420	\$2,500 and over		

Source: Census 2021 Peterborough Census Metropolitan Area - <https://census.gc.ca/census-recensement/2021/dp-pd/prof/details/page.cfm?Lang=E&SearchText=Peterborough&DGUIDlist=2021S0503529&GENDERlist=1,2,3&STATISTIClist=1&HEADERlist=0>

The Housing Experience of Racialized Groups in Canada

CMHC Findings:

- racialized groups are consistently challenged by a lack of affordable housing
- discrimination is a significant barrier for racialized communities
- economic disadvantages and higher levels of economic exclusion, including income disparity, security of employment and wealth, were found to be tied to race
- overall, racialized communities experience greater difficulties in the housing market compared to their non-racialized counterparts

Sources: Core housing need transitions of racialized communities in Canada, Rachel Shan and Mingxin Li, Canada Mortgage and Housing Corporation, April 2023, <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/housing-research/research-reports/2023/core-housing-need-transitions-racialized-communities-canada-en.pdf?rev=02621f7c-a1eb-4325-a8a2-3c1d8e3e5c86>



Core Housing Need Among Racialized Groups (Canada)

Overview:

- The proportion of racialized Canadians in core housing need is on the decline
- Among racialized groups, West Asian, Korean and Arab populations have the highest proportions of people in core housing need
- Racialized Canadians who came to Canada as immigrants are more likely to be in core housing need than their non-immigrant counterparts
- The prevalence of living in core housing need is lower in urban centres of Quebec
- Among racialized groups, Chinese, South Asian and Southeast Asian populations are most likely to live in owner household
- Peterborough ranked 13th out of 43 Census Metropolitan Areas in Canada in terms of number of racialized households experiencing core housing need

10%

of racialized groups were in core housing need in 2021

18%

of Indigenous households (nationally) were in core housing need as of May 28, 2019

20%

of visible minorities (nationally) were in core housing need

as of May 28, 2019

Conclusion

Suffering and Social Indifference

In the mid 1990s as the Canadian population grew, governments decided to serve the real estate industry rather than ensuring adequate numbers of rental housing units. They (governments) were secure in the assumption that the private market would respond to everyone's housing needs, but it didn't happen. Our problems today reflect demand that far exceeds supply. (Incidentally, that demand preceded our recent immigration influx.)

Government leadership (and funding) is imperative to the supply of rental housing. The marketplace doesn't provide for everyone. It responds only to profit gratification and when poorer market-goers are not viewed as sufficient profit incentive, they are neglected.

Paul Armstrong

Recommendations

Governments mount no opposition to the notion of the 'right to housing'. However, the simple possession of a 'right' is meaningless without the means of attainment. In housing, the necessary means is income.



1. Essential, targeted income benefits can provide the difference between housing and no housing for certain income populations.



2. Alternately, governments could provide housing with guarantees of 'affordability' (social housing) for these same populations.

Neither can happen without appropriate social policy.

Examining Ourselves

Without question there are countless acts of kindness in our society. **But what about kindness and compassion on a grander scale** – as a matter of public policy and government priority? **Have we become desensitized** to the needless suffering born of policy failure? Do we not have **a rights-inclusive view of all** in society? Are people that are disadvantaged and unhoused **simply predictable outcomes that don't deserve fairness?**

Paul Armstrong

Living without a home kills. Poverty kills. It really is social murder. Chronic homelessness cuts an individual's life span in half.

- Roxie Danielson, a street nurse in Toronto
From the essay: Displacement City - Fighting for Health and Homes in a Pandemic

