



Housing is Fundamental.

Rental Market Highlights - Canada

- Canada-wide vacancy rate was 1.5% (Oct. 2023), a new low
- Strong rental demand outpaced supply
- Immigration, employment growth, increased costs of homeownership supported higher rental demand
- Tighter markets with lower affordability
- Average rent growth reached 8.0%, a new high
- Rent growth exceeded average wage growth by a wide margin
- Rent arrears increased from 6.5% (2022) to 7.8% (2023)
- Lower-income renters faced below-average vacancy rates for least expensive apartments

Source: Rental Market Report 2024, Canada Mortgage and Housing Corporation

Rental Market Highlights - Peterborough Census Metropolitan Area

- The rental market (total CMA domain) added nine units from Oct. 2022 to Oct. 2023
- The vacancy rate stood at 1.0% (Oct. 2023)
- Average market rent (total domain) rose by 6.5% (see Average Market Rents)

Record High Rents (Canada)

Average Listed Rents by Unit Type – February 2024

| Type | Rent (Monthly) | Year-Over-Year Change |
|-----------|----------------|-----------------------|
| Bachelor | \$1,575 | 13.2% |
| 1 Bedroom | \$1,923 | 14.6% |
| 2 Bedroom | \$2,300 | 13.2% |
| 3 Bedroom | \$2,601 | 11.8% |
| Average | \$2,107 | 13.5% |

Source: Urbanation Inc., Rentals.ca network

2024
19th edition

Introduction

Governments will need to return to direct provision of social housing and render additional support for non-profit housing.

Author's Note

For years I have been writing about 'the crisis' in housing. While admittedly I'm not an authority, that comes by way of statistics and other notable research sources. Today, one need not be schooled in housing to understand what, for too many, has become arduous lived-experience. What would be worse, not being able to secure housing or not being able to afford it? What about the resulting challenge of food insecurity? And then there's homelessness.

Governments, that have for decades walked back their funding in housing, now fully admit to the current crisis without acknowledging their role as original architects. Still holding onto the prospect of private market-based solutions, they refuse to directly invest as the crisis deepens.

What we're not seeing is effective social policy change that would transform the decades-old decline in personal support and security. Seemingly, our governments have found a level of income insecurity and utter poverty they can tolerate.

While income insufficiency and soaring prices are responsible for some of our housing woes, government's culpability is exposed by their past indifference to trends in the market. How can governments stand by, for example, while housing becomes a commodity, a lucrative profit source for investment "capital"? Why do we not see a return to direct funding when social housing wait-lists ascend to unprecedented "levels"? Why is government apathetic as 'renoviction' effectively displaces and erodes the numbers of 'affordable' rental units? How can government passively watch as the private market fails to supply housing in respect of all income levels?

Excessive greed in any market calls for government intervention, but when that greed causes the degree of hardship we see in housing, it's not only essential, it's a moral imperative.

Paul Armstrong

Crisis and Solution

Unless you've been living without media or exposure to other people, you've been inundated with news about the housing crisis in Canada. The root causes have persisted for too long; the problem has compounded unrestrained.

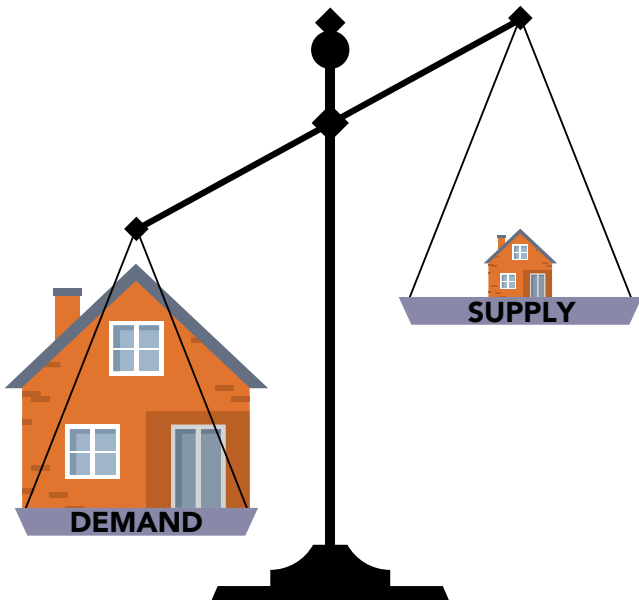
Most folks will agree on a few key points. We need to build more, much more. We need to make it more affordable. And greater density will likely result. All of this calls upon governments to assert a leading role.

The Government Must:

1. intervene in the private housing market, where they have been absent for too long.
2. overcome the illusion that low income households can find or afford housing in the private market.
3. stop the exploitation of housing as a commodity, reversing the financialization of housing.

The Direction of Rental Housing (Peterborough CMA)

Relentless demand, inadequate supply, surging rents and growing concerns around affordability make this the most challenging rental environment in Peterborough's history. Year-over-year Peterborough's rental market continues to be tighter and more expensive.



Supply

Meagre additions to the Peterborough CMA rental stock in 2023 mean hundreds of units are still required.

Demand

Demand for rental units far exceeds supply. High ownership prices have prevented renter households from making the move to ownership; two higher educational facilities place a substantial demand on the city's rental market; new immigrants and foreign students to this area require housing; housing suitable to transition the homelessness is needed.

Affordability

Affordability is always about housing costs relative to the income of any household. A significant portion of our renter households are in "core housing need" with some spending well in excess of 50% of their household incomes on rent.

1.5%

National Vacancy Rate

1.0%

Peterborough CMA Vacancy Rate

Core Housing Need

> 30%

Spending more than 30% of household income on shelter costs

Average Market Rents and Required Minimum Income for "Affordability"

Peterborough Census Metropolitan Area

| Type | 2022 | 2023 | Change 2022-2023 | Required Household Income | Required Wage Hour (full-time work) |
|---------------------|---------|---------|------------------|---------------------------|-------------------------------------|
| Bachelor | \$873 | \$877 | 0.5% | \$35,080 | \$17.99 |
| One-Bedroom | \$1,090 | \$1,173 | 7.6% | \$46,920 | \$24.06 |
| Two-Bedroom | \$1,339 | \$1,411 | 5.4% | \$56,440 | \$28.94 |
| Three-Bedroom | \$1,523 | \$1,640 | 7.7% | \$65,600 | \$33.64 |
| Average Market Rent | \$1,244 | \$1,325 | 6.5% | \$53,000 | \$27.18 |

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, 2024

If you pay 80% of market rent, is it "affordable"?

New 'affordable' units are sometimes offered at 80% of average market rent (AMR). For whom are they affordable? See the comparison below.

| Average Market Rent, CMHC 2023 (entire rental domain, PTBO CMA) (for occupied units) | 80% of AMR (monthly) | Annual Income Required to meet 30% of household income threshold |
|--|-------------------------|---|
| \$1,325* | \$1,060 | \$42,400 |

Caution: CMHC average market rent is based on occupied units. Unoccupied units routinely have higher asking rents as noted below.

| Median Monthly Rent, April 2024 (Peterborough) (for all units) | 80% of Median Rent (monthly) | Annual Income Required to meet 30% of household income threshold |
|--|---------------------------------|---|
| \$1,799** | \$1,439 | \$57,560 |

Note: CMHC deems rents affordable when a household spends no more than 30% of total income for their housing.)

*CMHC Rental Market Report, 2024

** Zumper.com

Rent Supplements Can Make the Difference

The Canada-Ontario Housing Benefit (COHB) pays the difference between 30% of household income and 80% of average market rent. Households of four or less must have household income below \$40,000 while households of five or more must have household incomes below \$44,400.

Note: The addition of truly affordable units rarely happens. It is more common that affordable units are lost when they are vacated and rents are inflated to market value. New purpose-built apartments command full, competitive marketplace rents.

Canada-Wide Renter Trends (2021 Census)

- The growth of renter households (+21.5%) was more than double that of owner households (+8.4%) from 2011 to 2021.
- Renters were over twice as likely to be in unaffordable housing as owners.
- Recent renter households (43.2%) were also more likely to live in unaffordable housing than existing renter households (30.5%). (Unaffordable = More than 30% of pre-tax household income is spent on shelter costs.)
- People living in poverty (17.8%) were over three times more likely to be recent renters than those not living in poverty (4.7%).
- Four in five recent renters in poverty (78.5%) lived in unaffordable housing.
- One-third (32.4%) of recent renters in subsidized rental housing experience unaffordable housing costs.

Source: Statistics Canada, October 4, 2023

**Renter
Growth**
2011-2021

+21.5%

**Owner
Growth**
2011-2021

+8.4%

The Widening Social Assistance-Rent Gap

Twenty-eight years after Ontario Premier Mike Harris slashed social assistance rates by 21.6%, those on assistance are living with incomes well below the poverty line. These recipients spend the bulk of their income on rent which often precludes other basic necessities.

The maximum monthly Ontario Works benefit covering basic needs and shelter for one person is \$733 per month (2024). The average market rent in Peterborough for a bachelor unit is \$877.

What Can You Afford in Peterborough, and How Available Is It?

The Canadian Broadcasting Corporation combined 2021 Census data with CMHC Rental Market Surveys (Oct. 2023) for 35 major municipalities in Canada (released June 11, 2024).

Lower Household Income and Housing Shortage (Peterborough CMA)

| Annual Household Income | Affordable Rent (incl. utilities) | # of 2 bed. Units Potentially Available in PTBO CMA | % Availability of 2 bed. Units |
|-------------------------|-----------------------------------|---|--------------------------------|
| \$25,000 | \$625 | 0 | 0.00% |
| \$35,000 | \$875 | 0 | 0.00% |
| \$45,000 | \$1,125 | 0 | 0.00% |
| \$55,000 | \$1,375 | 19 | 0.27% |
| \$65,000 | \$1,625 | 20 | 0.29% |
| \$75,000 | \$1,875 | 20 | 0.29% |

Other Findings for all 35 Municipalities

Note: 30 million Canadians reside in these 35 municipalities

| Income Group | Unit Type | Total # of Units Available (in 35 municipalities) |
|-----------------------------|-----------|---|
| Full-Time Min. Wage Workers | 1 Bedroom | 1,400 |
| Single-Parent Households | 2 Bedroom | 7,200 |
| Median Income Households | 2 Bedroom | 14,000 |

Note: In all 35 municipalities, rent on two-bedroom units increased 70% faster than wages since 2018

Ontario Housing Stats (Oct. 2023)

- Vacancy Rate for two-bedroom unit was 1.7% (translates as housing shortage)
- Average Rent for two-bedroom unit increased 48% faster than average wage

Source: CBC News purchased custom Statistics Canada 2021 census data and updated it with the latest rental market survey from the Canada Mortgage and Housing Corporation, conducted in October 2023.

“It’s important to stress that immigration is by far not the only factor [in housing shortage]. In some markets, the supply has increased, but more on the upper scale. But for affordable rentals, that’s another question. And that’s where the biggest problem lies. There is no doubt that many Canadians today are living in a state of crisis.”

- Kevin Hughes, deputy chief economist at CMHC

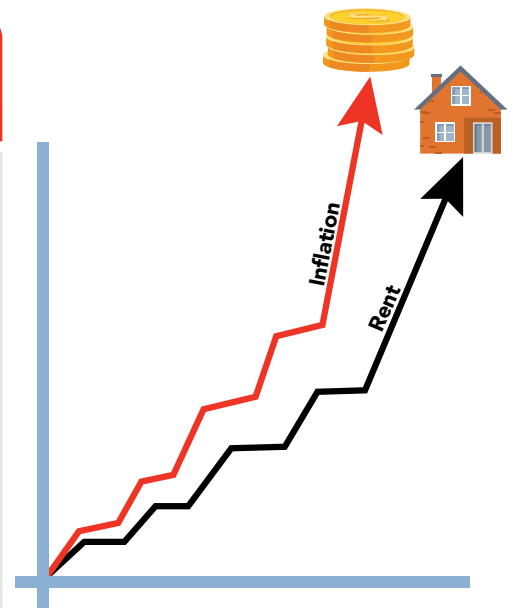
Shelter Costs Drive Inflation

Shelter costs are not only the single largest living expense, they are now the single biggest driver of inflation in Canada.

Shelter cost in Canada rose (year-over-year) a whopping 6.2% in January, 2024.

The impact of inflation is experienced differentially by households with the most heavily impacted being renter households in the lowest income quintile.

Source: Calculations from Statistics Canada data tables 18-10-0004 and 11-10-0223 through 11-10-0227. Based on 2019 SHS expenditure shares. Table and calculations by Trevor Tombe.



This is Canada, Today Housing Crisis, Packed Hospitals, and Food Lines

The Longstanding Social Safety Net in Canada

Canada has long prided itself on its social programs, poverty reduction and guaranteed access to health care, education, food and shelter. If these are considered the pillars of Canada's safety net, key parts have continued to erode. What happened?

Spending cuts in the 1980s and 1990s placed more responsibility on individuals for their economic and social well-being.

The result has been more low-income Canadians falling further behind. (2023 report from Food Banks Canada)

In 2013, Canada ranked 13th out of 170 countries in meeting the basic needs of citizens, according to the Social Progress Imperative. By 2023, it had fallen to 39th, in large part because of a lack of affordable housing.

Population Growth

Canada's population is growing faster than the rest of the G-7 countries or China. Population growth has put greater demand on housing while the production of ownership-housing and purpose-built apartments has not kept pace. One result is price (rent) inflation.



The Medical Scene

To those outside Canada, our universal health care system appears attractive, if not ideal. Today, however, hospitals are crowded, wait times are growing longer, surgeries are less accessible, and preventable deaths are more common. Both doctor and nurse shortages impede a system that's growing less accessible. Canada's physician-to-population ratio ranks 26th out of 31 high-income nations, just ahead of the U.S. Currently, 6.5 million Canadians are without doctors.

Source: O.E.D.C. <https://data.oecd.org/healthres/doctors.htm>

Housing Crisis

Housing shortages (all types), low vacancy rates, and unaffordable rents are common in Canadian cities. Decades of underinvestment by governments coupled with real estate commoditization will take years to fix. Although lower-income households bear the greatest housing burden, recent government efforts to alleviate the crisis have been largely aimed at the middle class. Efforts to add new houses have been insufficient to reverse the shortage.

Drug Overdose Deaths

The use of unregulated opioids resulting in death has become epidemic in Canada. Attempts to decriminalize drug consumption haven't had a meaningful impact, but there is growing evidence about the efficacy of harm reduction strategies.

Food Insecurity

Demand on food banks in all provinces and territories has grown steadily. Food banks, once intended as an emergency measure for some low-income and destitute persons, are now commonplace and essential to growing patron numbers many of whom have income from employment.

There were almost two million food bank visits in March 2023, up 32% over the previous year. There is perhaps no better evidence of social impoverishment in Canada than the proliferation of food banks.

Source: Hunger Count 2023, <https://foodbankscanada.ca/hungercount/>

Social Program Spending

Programs meant to bolster income like pensions, disability benefits and guaranteed income supplements (e.g. G.I.S.) no longer ensure that people can cover their basic expenses. Government income supports have failed to keep up with rising costs and expanding income insecurity has prompted calls for governments to institute basic income supports for eligible persons.

Source: Bloomberg, March 27, 2024

Monthly Expenses

Social Assistance



Own-Use Evictions Climb



During what's being called 'a national housing crisis' an increasing number of landlords are evicting their tenants for their (landlord) personal use. Tenants paying below-market rents are reluctant to leave knowing that they cannot afford comparable units.

Landlord and Tenant Board data shows applications for own-use evictions are up 85% in Ontario since 2020.

The same Board issued more than twice the fines for bad-faith eviction in 2023 compared to the previous year.

Tenants renting a below-market unit for a lengthening duration are vulnerable to these landlord actions. Many fear homelessness if evicted.

Source: CBC News

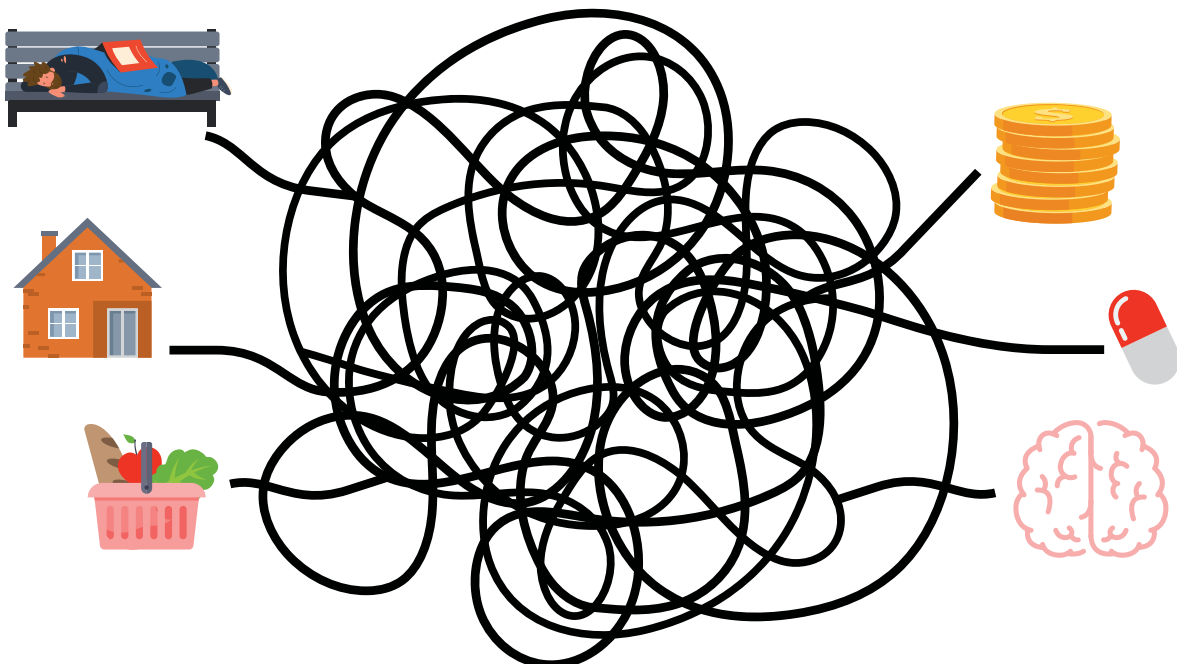
Unprecedented Period of Multiple, Converging Crises

The Crises:

- homelessness
- income precarity
- housing precarity
- mental health
- food insecurity
- addiction

Flawed government policy has resulted in profound crises in an otherwise prosperous country. Mass homelessness, as one example, has persisted in Canada for the past four decades.

Clearly, the government's chosen, market-driven model for housing provision and personal security has failed.



Housing and Inequality

Disproportional, staggering wealth concentration continues to breed inequality in Canada and around the world. The benefits of economic growth have increasingly gone to capital rather than workers, creating obscene wealth alongside real hardship. Housing today exemplifies suffering, inequality and failed productivity.

Common practices like wealth sheltering and corporate profit-shifting avoid taxation, meaning revenue disappears that could be spent on things

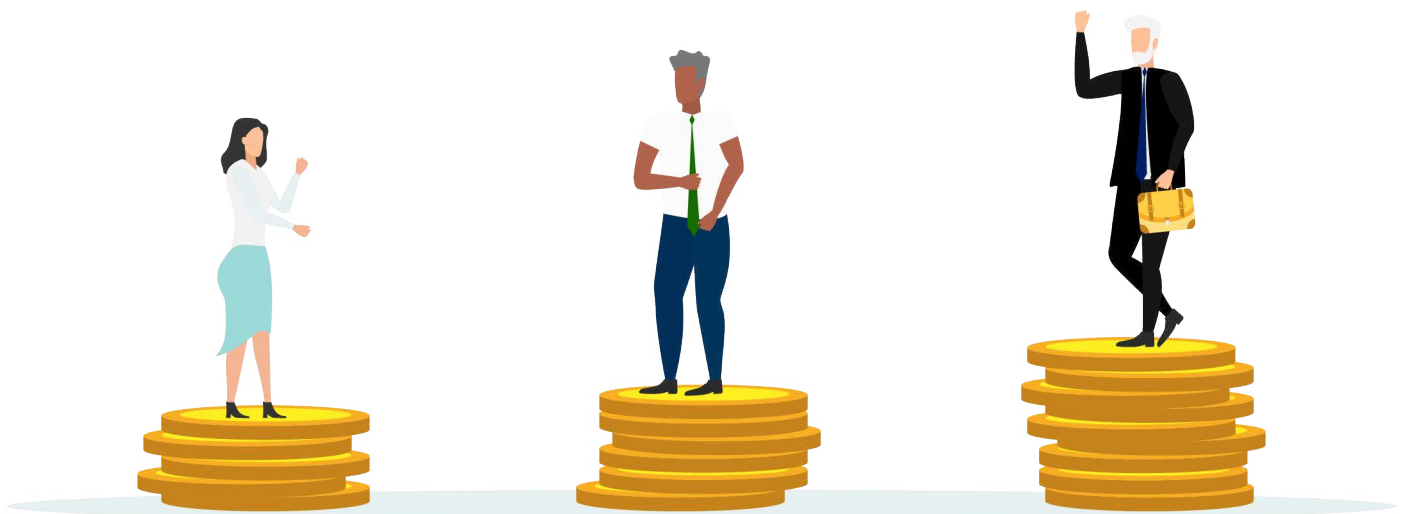
Source: Mark Carney Needs to Think More About Growing Wealth Inequality

like public transit, childcare, and affordable housing - things that could help middle and lower income earners have money to spend in the local economy.

Canada is increasingly concerned with flagging productivity, but an emerging consensus confirms housing's relationship with both inequality and productivity.

Additionally, anxiety and resentment among younger generations is tending to destabilize democracies.

“Highly unequal societies are not safe, healthy or happy societies. They are not in anyone's interest, even the wealthy.”
- Matthew Mendelsohn



How Today's Housing Crisis Emerged

The 1980s Political Shift

Neoliberalism gained prominence in the 1980s. Governments reduced their role in social services while enhancing their support for the private sector.

**Housing has become a commodity for investors, speculators, developers and bankers. Was this the market solution intended by government?*

Four Decades of Neoliberalism

- Deeper cuts to social programs
- Dismantling the social-safety net
- Unregulated market forces
- Rising inequality
- Governments abandon housing and expect market solutions*
- Social housing is downloaded onto provinces who, in turn, download onto municipalities

Canada's Housing System (Private Market Vs. Non-Market)

Canada's housing system is one in which the vast majority of housing is constructed, owned and operated in the private market. Just over two thirds (68%) of houses are privately owned by their occupants while another 27% are privately operated rental units. Less than 5% of all housing is operated in the public and community "non-market" sector, where rents are set administratively, rather than by market forces. The "non-market" includes social housing, sometimes called rent-geared-to-income (RGI), cooperative, and not-for-profit housing forms.

Canada's political economy, and by association its housing system, is classified as a liberal welfare

regime where private sector, market-based provision of housing dominates (approximately 95%).

The proportion of public sector housing is small (<5%). The federal budget of 1993 terminated all funding for new social housing with the exception of housing on reserves. Consequently, the need for social housing has amplified over the last thirty years. Numbers on wait-lists have swelled while the time to acquire a unit has protracted. While waiting, individuals and households pay rents well beyond the scale of 'affordable' usually considered as 30% of household income.



Addressing Today's Housing Shortage

Canada needs millions of new homes within ten years, both ownership and rental. However, efforts to produce these units have been sluggish. Is there a historical precedent for a turnaround?

During the Second World War, Canadians relocating for employment in munitions factories created a demand for housing. The government response was the Wartime Housing Corporation that built thousands of rental-only houses. Pre-fabrication was instrumental to these houses that could be erected in just 36 hours. Following the war, these were offered for sale to their occupants by the renamed corporation, the Canada Mortgage and Housing Corporation (CMHC).

As soldiers began returning after the war, houses were once again in high demand. The result was the building of modest "Victory Houses" and Canada invested massively. Up to one million houses were built across Canada between 1946 and 1960.

Today's housing shortage has been building for decades. A massive government response, similar to the wartime and post-wartime effort, is required.

Small policy changes will not get the job done.

Source: Canada Revives Wartime Home Strategy to Address Housing Crisis

Manufacturing Homelessness

Why have we seen such a rise in homelessness in municipalities coast-to-coast?

The problem has been created; it didn't just happen. In the 1980s Canada's federal government was building up to 25,000 units of social and co-op housing every year. However, this came to an abrupt end in 1993. Government believed the private sector would fill the void, but it didn't happen. The amount of social housing not built over the last 30 years is not only considerable, it explains today's long and protracted wait-lists.

At the same time, the building of rental housing has also atrophied. Construction of homes and condominiums has been the preferred investment path in the private sector.

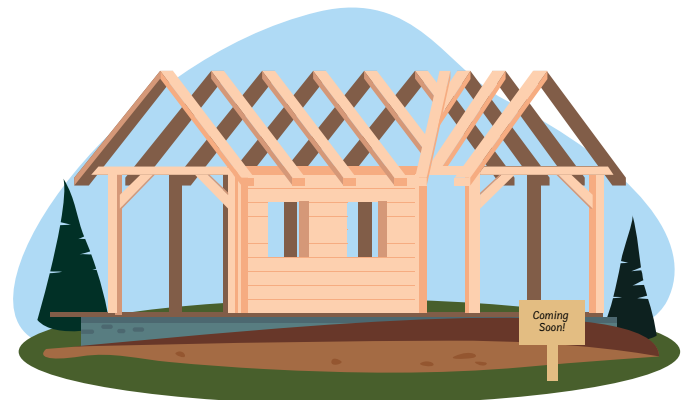
Now we have a crisis not only in affordability, but in deeply affordable housing (i.e. social housing). Rents are at an all-time high, as is demand for units. As of October 2023, Canada's population reached 40 million. We are experiencing the highest growth rate since 1957. Employment benefits are fewer and low-paying precarious jobs abound. These factors, taken collectively, have contributed to today's modern mass homelessness.

Source: Breaking the cycle: A researcher's mission to prevent homelessness in Canada, an interview with Stephen Gaetz, the director of the Homeless Hub at York University. He is also president of the Canadian Observatory on Homelessness.

Non-Market Housing is Urgently Needed

At a time when a significant portion of low-income households cannot find "affordable" rental accommodation, governments have steadily restricted funding for social housing alternatives (a.k.a. non-market housing).

Non-market housing, also known as community, social, or rent-geared to income (RGI) housing, requires government funding, thus allowing rents to be affordable. The problem: Canadian governments have steadily curtailed funding for this housing form. Only 6% of housing stock in Canada is non-market. Compare with the Netherlands where 34% of housing stock is social or non-market housing. With policy change, Canada could more closely emulate such a model.



People over Profit

We cannot count on the for-profit housing industry to fix the current crisis of low supply and lack of affordability. The federal government must provide direct financing that prioritizes people's human right to housing over profit.

We must renew public funding for co-op housing, co-housing, community land trusts, supportive housing for people in need, and affordable social housing.