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WHERE'S HOME? 2008 ONTARIO NON-PROFIT HOUSING ASSOCIATION AND CO-OPERATIVE HOUSING FEDERATION CANADA ONTARIO REGION REPORT ON HOUSING NEED IN ONTARIO

The Community Services and Housing Committee recommends the adoption of the recommendation contained in the following report dated May 1, 2009, from the Commissioner of Community and Health Services.

1. RECOMMENDATION

It is recommended that:

1. The Regional Clerk circulate this report to local municipalities for their information.

2. PURPOSE

The purpose of this report is to share the findings of the *Where's Home? 2008* report published by the Ontario Non-Profit Housing Association (ONPHA) and Co-operative Housing Federation (CHF) Canada Ontario Region, which have been widely reported in the media.

3. BACKGROUND

Since 1999, ONPHA and CHF Canada Ontario Region have published reports, entitled *Where's Home?* The *Where's Home? 2008* report (the Report), released on March 2, 2009, examines the rental housing market and the housing needs across 22 selected markets in Ontario. York Region is one of 22 selected housing markets analyzed in the Report. York Region has the highest rent increase over a period of time for a two bedroom apartment, one of the tightest rental vacancy rates in the Greater Toronto Area (GTA), and a high percentage of tenants paying 30% or more on housing.

4. ANALYSIS AND OPTIONS

Where's Home? 2008 examines several factors related to the rental housing market in Ontario, including the economic/political environment, the rental market, and housing affordability.

4.1 ECONOMIC/POLITICAL ENVIRONMENT

Tough economic times create pressures on the rental market

Where's Home? 2008 notes that as the province enters tough economic times, there will be enormous pressures on the rental market. Even though Ontario has experienced steady economic growth in the past ten years, housing affordability problems have continued to rise due in part to the limited supply of rental housing. The number of households experiencing housing affordability issues will likely increase, especially among low and moderate income households who are more vulnerable to economic downturns.

ONPHA and CHF Canada Ontario Region are pleased to see that after many years of neglect, the federal government has made major commitments to affordable housing as part of its stimulus package. The province has also demonstrated their commitment to affordable housing by matching federal housing funds. With both levels of government focused on stimulating the economy and improving conditions for low income households, ONPHA and CHF Canada Ontario Region see the deteriorating economy as an opportunity for affordable housing. The current economic environment is ideal for governments to reinvest in affordable housing programs and social housing infrastructure projects that create immediate jobs for local communities.

4.2 RENTAL MARKET

York Region continues to remain well below the healthy vacancy rate of 3%

According to Canada Mortgage and Housing Corporation, a “healthy rental market” has a vacancy rate of 3%. The overall vacancy rate in Ontario has declined from 3.3% in 2007 to 2.7% in 2008, mainly due to economic uncertainties that have reduced demand for ownership housing and increased demand for rental housing. This trend will likely continue even though mortgage rates have drastically dropped.

York Region continues to remain well below the healthy rental market level due to the increased demand for rental housing and extremely low levels of rental production. In 2008, York Region had the second lowest rental vacancy rate in the GTA. As well, York Region has one of the lowest percentages of existing rental stock at 12%. Table 1 compares the vacancy rates of Ontario, Toronto and York Region.

Table 1
Rental Vacancy Rates (Total)

Year	Ontario	Toronto	York Region
2003	3.5	3.9	0.6
2004	4.1	4.3	1.8
2005	3.8	3.7	1.6
2006	3.4	3.3	1.6
2007	3.3	3.4	1.0
2008	2.7	2.0	1.5

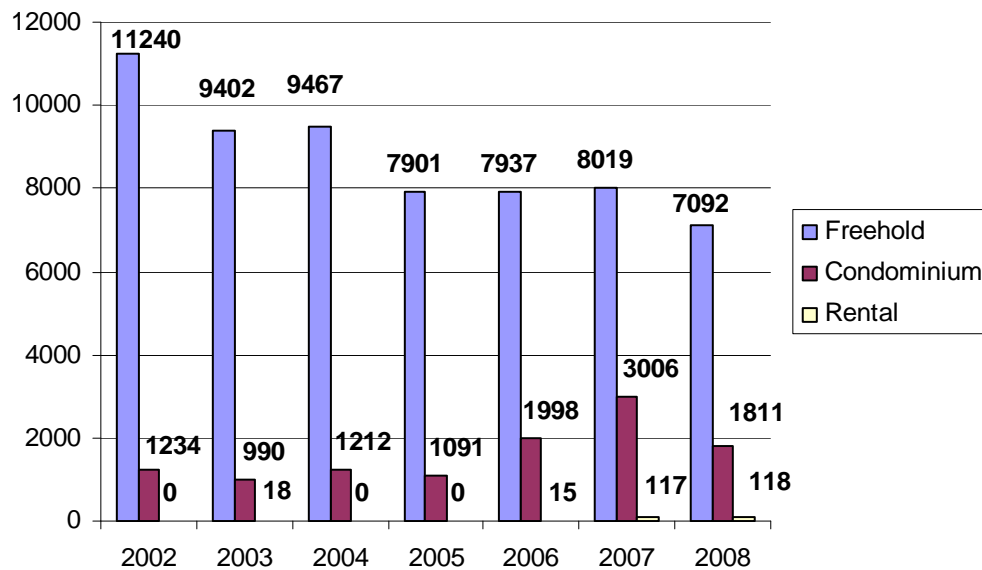
Rent increases have out-paced the rate of inflation

The Report compares the increase in rental rates from 1997 to 2007 to the general inflation rate increase of 23.4% during the same period. York Region has the highest rent increase for a two bedroom apartment relative to inflation at 37%, or 1.6 times the inflation rate. In 2007, York Region had the second highest average market rent for a two bedroom apartment at \$1,040, second only to Toronto at \$1,072.

Very few rental units were added to York Region's existing housing stock

An important factor affecting the availability of rental housing is the amount of rental housing being built. The Report looks at rental housing production and between 2002 and 2008 very few rental units were built in York Region as shown in Table 2. Many developers are opposed to building rental units because of its high costs. Freehold ownership housing completions make up the largest percentage of housing completions. However, in recent years high rise condominiums have become a popular housing tenure for residents of York Region resulting in private developers building more condominium ownership units. Unfortunately, these units are still unaffordable for low income households.

Table 2
Housing Completions in York Region
(Private Sector)
2002-2008



Note: Rental completions do not include the 168 social housing units completed by York Region

An additional 10,000 rental units annually over ten years is needed to meet demand in Ontario

The Report analyzes the age distribution of the population and the expected increase of immigrants to Ontario to determine rental housing demand. It concludes that the continued growth of younger and older households, along with the expected increase of newcomers, who tend to rent housing initially, will further drive down vacancy rates. The Report estimates that over the next ten years (2009-2018), a minimum of 10,000 rental units need to be built each year in order to meet the expected demand in Ontario. ONPHA and CHF Canada Ontario Region consider this a conservative estimate that does not take into account the need to rebuild rental units that no longer meet the minimum building code standards.

The social housing wait list is steadily growing despite efforts by York Region

The Report also examines demand for social housing units. In early 2008, approximately 124,000 households in Ontario were on a municipal social housing wait list. Despite efforts by York Region to increase the supply of social housing, the social housing wait

list has steadily grown over the years to over 5,800 households as of December 2008. As well, there are a number of “discouraged households” who are in desperate need of affordable housing but have not bothered to apply because the wait times are too long.

4.3 HOUSING AFFORDABILITY

There is a significant gap between tenant and owner incomes

The Report compares the growing gap between tenant and owner incomes reflective of the increasing gap between low and high income earners. Renters tend to be younger adults or seniors with low incomes, while owners tend to be higher income childless couples or families. Many observers see the growing gap as unhealthy and cause for governments to focus on stronger affordable housing programs that include assistance for low-income households. Table 3 illustrates the discrepancies between tenant and owner incomes in Ontario, Toronto, and York Region.

Table 3
Tenant Owner income Gap

Housing Tenure	Ontario	Toronto	York Region
Owner Income	\$92,880	\$109,862	\$110,519
Tenant Income	\$41,988	\$45,162	\$49,539

Almost half of tenant households in York Region are spending 30% or more on housing

The slowing economy is anticipated to impact all households, especially low and moderate income households. Ontario will likely see more incidences of households defaulting on mortgage payments, although not to the same extent as in the United States. York Region has one of the highest percentages of tenants spending 30% or more and 50% or more of their income on gross rent based on 2005 income levels. Gross rent includes monthly rent, electricity, heat and municipal services. Table 4 illustrates that almost half of tenant households in the Region are spending 30% or more of their gross income on housing.

Table 4
Spending Levels on Housing in York Region

Housing Tenure	Greater Than or Equal to 30%	Greater Than or Equal to 50%
Tenant	48%	23%
Owners	27%	12%

Housing in York Region is out of reach for a number of full-time employed workers

The Report compares the average cost of rental housing to the earnings of different occupations, including minimum wage earners. As indicated in Table 5, the average market rent levels in York Region are out of reach for a number of full-time employed workers, for instance, a cashier, a cook, a retail sales person, or a labourer.

Table 5
Affordable Rent Levels in York Region

	Average Market Rent 2008 (CMHC)	Annual Income Needed
Bachelor unit	\$750	\$30,000
One Bedroom unit	\$902	\$36,084
Two Bedroom unit	\$1,068	\$42,720

5. FINANCIAL IMPLICATIONS

There are no financial implications associated with this report.

6. LOCAL MUNICIPAL IMPACT

The lack of affordable rental housing and the growing number of households in precarious housing situations may affect the economic prosperity of municipalities in the Region. As the economy worsens, low and moderate income households will likely be at greater risk of losing their homes putting more pressure on local rental markets and poverty reduction programs.

7. CONCLUSION

ONPHA and CHF Canada Ontario Region have released their ninth edition of the *Where's Home?* report on rental market and housing affordability trends across Ontario. York Region has the highest rental increase over a period of time, one of the tightest rental vacancy rates in the GTA, and a high percentage of tenants paying 30% or more on housing. As the province enters uncertain economic times, anti-poverty programs that focus on deeper housing assistance, maintaining existing rental stock, and building new affordable housing will contribute to the continued economic prosperity of the Region.

Report No. 4 of the Community Services and Housing Committee
Regional Council Meeting of May 21, 2009

For more information on this report, please contact Sylvia Patterson, General Manager, Housing and Long Term Care at Ext. 2091.

The Senior Management Group has reviewed this report.