# CONTEXT

This publication, the fourth theme report published by the Federation of Canadian Municipalities (FCM) as part of the Quality of Life Reporting System (QOLRS), focuses on trends related to housing and homelessness in 22 large and medium-sized municipalities and urban regions in Canada. The report's focus is the period 2000-2006, with some reference to trends dating back to 1991.

As with other QOLRS publications, this report is driven by the following objectives:

- identify strategic issues and challenges facing cities across Canada with respect to housing and homelessness;
- illustrate these issues in terms of statistical trends;
- report on the most recently published and credible data; and
- describe actions being taken by Canadian municipalities in response to these challenges.

The information provided in this report builds on the findings of an earlier report prepared by FCM in 2004. *Incomes, Shelter and Necessities* (Theme Report No. 1) was the first in a series of Quality of Life Reports presenting selected indicators from the QOLRS to show changes from 1991 to 2001.[1] The overall findings of the 2004 report suggested a period of deepening poverty for some in the face of overall prosperity for most, exacerbated by rising shelter costs, which consumed household income required for other necessities. The large majority of singles and families in most of the QOLRS communities earned incomes more than sufficient to afford their basic needs. At the same time, the role previously played by the social safety net—including social assistance and social housing—was increasingly played by emergency shelters and food banks, or not all. Several economically marginalized groups—including recent immigrants—experienced a further deterioration in their situations.

The report identified a number of specific and disturbing trends between 1991 and 2001 facing the urban communities participating in the QOLRS project:

- Five of seven indicators used to measure the risk of homelessness show that conditions in the 20 communities deteriorated;
- The proportion of renter households spending more than 30 per cent of their income on shelter in the 20 communities studied increased from 35 per cent to 41 per cent;
- Low-end rents increased 20 per cent more than low-end individual incomes.

*Incomes, Shelter and Necessities* also found that all municipalities are affected by these trends, although in different ways. While there were significant variations in overall levels of poverty, unemployment and income, and housing affordability among the QOLRS communities, no single municipality was immune to these overall trends.

Funding needed to create affordable housing and provide adequate incomes to those most in need has traditionally been provided by federal and provincial/territorial governments. Over the past two decades there has been a dramatic decline in provincial spending in these areas. Expenditures by local government have increased during this time, but municipalities are simply not in a position to replace the role played by the other orders of government.

Ultimately, the report points to the urgency for establishing a comprehensive strategy on housing and homelessness capable of addressing challenges common to municipalities across Canada. A long-term National Housing and Homelessness Strategy is essential to overcome the substantial inequities evident in the housing sector and to ensure that all Canadians have access to adequate and affordable housing. Information on the QOLRS and all previous reports can be found at http://www.fcm.ca/english/qol/qol.html

[1] FCM. 2004. Quality of Life Reporting System. Income, Shelter & Necessities. Ottawa; FCM. 2004. Quality of Life Reporting System. Highlights Report 2004. Ottawa

ATTACHMENT 1

# Summary and Conclusions

**Dynamic trends in homeownership contrasted with more modest growth in the rental sector**

The 2004 FCM Report on Incomes, Shelter and Necessities identified an across-the-board shift to homeownership accompanied by inadequate supplies of new, private and non-market rental housing. Data for the period 2000 to 2006 suggest a continuation of these trends in the 22 QOLRS communities. As a result, a significant proportion of the population, led by couples and two-parent families, benefited from increased levels of homeownership. Supported by historically low interest rates, this trend was accompanied by rapid population growth, rising incomes and a shift towards relatively less expensive condominium and townhouse development.

While homeownership was on the rise, the rental sector was far less dynamic. In contrast to the 1991-2001 period, vacancy rates were more balanced and rent increases more modest.

**Demographic pressure and limitations of the housing market placed pressure on municipal governments**

In the context of positive population growth and dynamic homeownership, several trends point to serious challenges facing municipal governments in Canada's larger urban centres. These include the dual challenge facing QOLRS communities of both an aging population and continued growth in the number of young families

Furthermore, rising housing prices outpaced income growth, even for couples and two-parent families, who otherwise enjoyed relative prosperity. Income growth was far slower among lone parent families and singles, who faced serious and growing barriers to affordable homeownership. Rental remains an alternative to homeownership, but construction of new rental housing lagged far behind historical levels. While one-third of all households rent, fewer than nine per cent of all housing units completed in Canada's largest cities between 2001 and 2006 were rental units.

**Finding affordable housing still a challenge for Canada's most vulnerable**

The benefits of a dynamic shift to homeownership and only modest increases in rents were by no means shared equally. Homelessness persists throughout urban Canada. In 2006, even the smallest and most suburban of the 22 communities in the Quality of Life Reporting System (QOLRS) required emergency shelters. Close to 20,000 permanent shelter beds were in place across the reporting communities, according to data from the Homelessness Partnering Strategy's Homeless Individuals and Families Information System (HIFIS).

While couples and two-parent families fared well, the most vulnerable were further excluded from the housing market as a result of trends evident from 2001 to 2006. Sectors of the population that were further excluded from the private housing market included low-income, lone-parent families and singles, and social assistance recipients. Increases in the minimum wage improved the situation for many working poor, with the minimum wage now approaching or exceeding $8.00/hour in all Canadian provinces. However, single people and lone-parent families from this sub-population still struggled to keep up with the high cost of rent.

ATTACHMENT 1

**A Need for Renewal of the Rental Housing Infrastructure**

According to the 2006 Census, 10 per cent of all rental housing requires major repairs,[2] and the average age of buildings that house the lowest quartile rental stock is approaching 50 years. At the same time, the social housing stock is deteriorating rapidly due to a chronic lack of funding to support maintenance and modernization.

Relatively high vacancy rates among the most affordable rental units, at a time of lengthy waiting lists for social housing, indicate the private rental market's inability to reach the most vulnerable households. The result is an urgent need for reinvestment in both the private and social-housing rental stock.

[2] Statistics Canada, Census Division, 2006, Tenure and Condition Tables