6
WHERE'S HOME? 2006
A PICTURE OF HOUSING NEEDS IN ONTARIO

The Community Services and Housing Committee recommends that:

1. **Staff be directed to prepare a report for consideration at the October, 2007 Committee meeting regarding strategies to provide more rental housing within York Region.**
2. **The recommendation contained in the following report, April 19, 2007, from the Commissioner of Community Services, Housing and Health Services be adopted.**

1. RECOMMENDATION

It is recommended that:

1. This report be received for information.

2. PURPOSE

The purpose of this report is to provide information about the findings of *Where's Home? 2006—A Picture of Housing Needs in Ontario*, an examination of the rental market in Ontario published in partnership by the Ontario Non-Profit Housing Association (ONPHA) and the Co-operative Housing Federation of Canada (CHF).

3. BACKGROUND

The ONPHA and the CHF have recently released their eighth annual report examining the rental market in Ontario, entitled *Where's Home? 2006—A Picture of Housing Needs in Ontario*. This year's publication is the first that separately tracks the Region's data. A joint press release from ONPHA and CHF in regards to the study is attached (*See Attachment 1*).

4. ANALYSIS AND OPTIONS

This year's publication of *Where's Home? 2006* examines several factors relating to rental markets in Ontario, including the political environment, availability of rental stock, and costs of renting.

4.1 Political Environment

Where's Home? 2006 (the "Report") notes that the federal and provincial governments have once again started to provide funding for the creation of affordable housing and have extended short-term program funding relating to home renovations and homelessness. However, there is no integrated national federal housing strategy. Since 2002, funding has been provided under differing programs with differing focuses, and in many cases with two or three year time horizons. This patchwork approach has made it very difficult for municipalities to plan in the long term or to have a consistent approach. In Ontario, the provincial government has indicated support for the development of affordable housing, but has created an Affordable Housing Program that has only delivered a fraction of the units intended. This lack of delivery can be attributed to administrative complexity, the need for municipalities, community groups and developers to contribute significant equity, a fragmented approach to serving many client groups through many program streams, and delays in developing program operational guidelines.

4.2 Rental Availability

As indicated in the Report there is not one over-arching rental market in Ontario—there are many. The major difference between these markets tends to be the underlying economic drivers associated with each. For example, vacancy rates have dropped in areas such as Thunder Bay, Sudbury, and North Bay as more young people were able to secure employment in resource based industries.

4.2.1 General Economic/Demographic Factors

In the Greater Toronto Area, (GTA) the rental market has been particularly sensitive to interest rates. As shown in Table 1 interest rates reached historically low levels in the period 2003 -2005. Many renters in Ontario left the rental market as they were attracted to relatively cheaper mortgage financing in the homeownership market. This in turn caused vacancy rates in the rental marketplace to rise.

Table 1
Comparison of Interest Rates to Selected Vacancy Rates
2000-2006

Year	Average Interest Rates-%	Vacancy Rate Ontario %	Vacancy Rate City of Toronto %	Vacancy Rate York Region %
2000	8.08	1.6	0.6	0.9
2001	6.74	1.7	0.9	0.7
2002	6.50	2.7	2.4	2.8
2003	5.83	3.5	3.9	0.6
2004	5.95	4.1	4.3	1.8
2005	5.39	3.8	3.7	1.6
2006	6.80	3.4	3.3	1.6

Source: Compiled from *Where's Home? 2006*

Although vacancy rates in York Region did rise nominally in this time period, there were other overriding factors at play in the Region's rental market. The major factor is the lack of rental stock. Only 13.7% of the housing stock in the Region is rental, the lowest percentage in the GTA. These relatively few units could not meet the demands of low to moderate income households at a time when the rate of populations and urbanization in the Region was increasing significantly. As such, vacancy rates in the Region have remained low. Of the 22 centres surveyed in the Report, York Region has consistently had the lowest vacancy rate over the past 15 years.

Typically, a rental market is considered "balanced" at an approximate vacancy rate of 3%. At this level, tenants have a suitable choice of accommodation, and market rents are affordable to tenants while providing a reasonable return to landlords. Using this definition, York Region has not had a rental market sufficient to meet the need of its residents in the period 1990 – 2005.

Table 2
Number of Years Vacancy Rate
Over 2% in Selected Municipalities
1990-2005

Selected Municipality	**Number of Years Vacancy Rate over 2%**
Barrie	5
Durham Region	11
Ottawa	8
Peel Region	6
Sudbury	13
City of Toronto	4
York Region	0

Source: Compiled from *Where's Home? 2006*

4.2.2 Production of Rental Stock

Another important factor affecting the availability of rental housing in the province has been the degree to which it has been built. As shown in Table 3, rental housing production in Ontario is well below the levels recorded in the early 1990's when there were still extensive affordable housing creation programs funded by the federal and provincial governments.

Table 3
Rental and Co-op Housing Production in Ontario

Selected Year Periods	Number of Rental and Co-op Units Started	Rental and Co-op Units as % of Total Units Started	Significant Events
1989-1992	60,975	26.6	
1993-1995	17,896	15.9	Cancellation of provincial and federal funding
1996-2000	7,072	2.6	
2001-2005	18,897	4.9	Re-introduction of limited funding

Source: Compiled from *Where's Home? 2006*

The production of rental housing has been very limited in York Region when compared to other municipalities in Ontario.

Table 4
Annual Average Rental Housing Completions in Selected Municipalities
1996-2005

Selected Municipalities	Annual Average Number of Rental Units Completed 1996-2005	Rental Unit Completions as % of Total Annual Average Completions
Barrie	65	3.0
Durham Region	43	1.1
Ottawa	340	6.8
Peel Region	163	1.8
Sudbury	11	4.2
City of Toronto	616	7.5
York Region	27	0.3

Source: Compiled from *Where's Home? 2006*

This lack of rental housing may impact on the continued economic growth and prosperity of the Region. As noted in the 2004 Regional publication *Housing and our Economy – Remaining Competitive*, a significantly high proportion of in-commuters to the Region live in multi-residential units that are outside of the Region. As indicated in that study, an increased supply of affordable housing is critical to maintaining York Region's economic competitiveness and high quality of life.

4.2.3 Homeownership Costs

Rising homeownership costs have also affected availability of units in the rental market. The Report only contained information specific to the province as a whole and the City of

Toronto, however this effect has been felt in York Region as well. As shown in Table 5 the combined effect of higher interest rates and increased homeownership costs has contributed to an economic situation where many households in the Region might continue to stay in the rental market.

Table 5
Carrying Costs of Entry Level Housing in York Region
2001-2006

Year	Average Resale Price in York Region for Town/Row Houses-$	Monthly Carrying Costs $
2001	217,320	1,520
2002	237,097	1,627
2003	259,146	1,684
2004	274,839	1,804
2005	290,342	1,819
2006 (mid-year)	304,090	2,136

Source: York Region Planning Department, Community Services and Housing Department
Notes: Assumes a 10% down payment - 25 year amortization

4.3 Cost of Rental Housing

The Report compares the increase in rental rates in selected rental markets in the period 1995 -2005 compared to the general inflation rate increase of 23.1% during the same period. As indicated in Table 6, York Region had among the highest rent increases in the period, resulting in rent increases that were 1.4 times the inflation rate. This increase in rents over time in the Region can be attributed to the lack of rental stock available in a period of high population growth and urbanization.

Table 6
Percentage Rental Increase in Selected Municipalities
1995-2005

Selected Municipalities	Percentage Rent Increase (%)	Ratio of Rent to Inflation Increases
Barrie	27.7	1.2
Durham Region	21.6	0.9
Ottawa	24.7	1.1
Peel Region	24.0	1.0
Sudbury	7.6	0.3
City of Toronto	32.0	1.4
York Region	32.0	1.4

Source: Compiled from *Where's Home? 2006*

The Report also compares the average cost of rental housing compared to several municipalities in the province. As indicated in Table 7, the income levels of many occupations make it difficult for households to afford average market rents.

Table 7
Affordable Housing Costs by Occupational Earnings

Occupation	Average Estimated Wage in 2005 ($)	Affordable Monthly Rent ($)	Average One Bedroom Rent in York Region ($)
Teacher	46,573	1,164	886
Carpenter	36,389	910	886
Medical Secretary	27,944	699	886
General Labourers	23,148	579	886
Data Entry Clerks	22,980	574	886
Chefs/Cooks	21,050	526	886
Cashiers	10,698	267	886

Source: Compiled from *Where's Home? 2006*
Note: Occupation estimated wages are from *Where's Home? 2006* for the City of Toronto

Again, as indicated in the 2004 regional publication *Housing and our Economy – Remaining Competitive*, there is a mis-match between the types of occupations required in the Region and the ability to house people in those occupations who cannot afford the high cost of ownership or have access to a limited rental stock.

5. FINANCIAL IMPLICATIONS

There are no financial implications arising from this information report.

6. LOCAL MUNICIPAL IMPACT

The lack of affordable housing and more specifically the lack of rental housing may affect the continued economic prosperity of municipalities in the Region. Many of those working in low to moderate paying occupations live in multi-residential units outside the Region and must in-commute to work.

7. CONCLUSION

The ONPHA and the CHF have released their eighth annual examination of rental markets in Ontario. York Region has among the highest rental cost increases over time, combined with the lowest vacancy rate over time of any municipality surveyed. The lack of affordable rental housing could impact on the Region's continued economic prosperity.

For more information on this report contact Sylvia Patterson, Director, Housing Services Branch in the Community Services and Housing Department.

The Senior Management Group has reviewed this report.

(The attachment referred to in this clause is attached to this report.)