

Fact Sheet #2

High housing costs create tremendous financial stress

Adequate, safe, and affordable housing is absolutely crucial for individual, family, and community well-being. Since the 1980s, the significant decline in the stock of affordable housing combined with stagnant incomes and erosion of income security benefits has created high levels of housing insecurity in many Canadian cities. Despite low interest rates, the high cost of housing – especially in Vancouver and Toronto – continues to place homeownership beyond the means of many. As a result, the demand for affordable rental units remains high. More recent investments in housing have not yet reversed this trend.

One-quarter of Canadian households spend more than 30% of total income on shelter

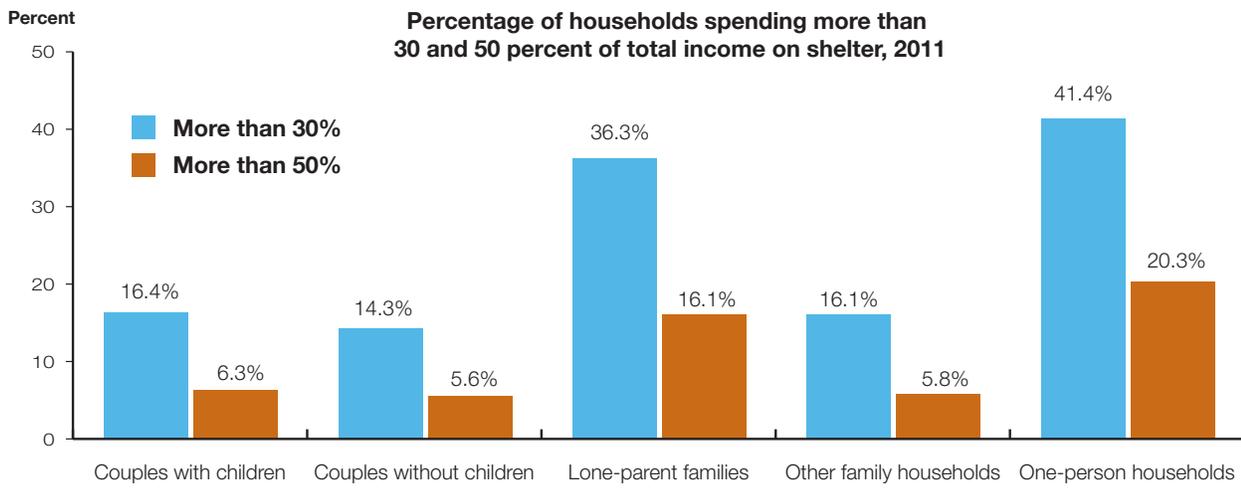
- In 2011, 3.3 million households – fully one-quarter of the total number – spent more than 30% of their annual income on shelter,¹⁵ a level the Canadian Mortgage and Housing Corporation (CMHC) considers “unaffordable.”¹⁶
- These households paid an average of \$1,259 per month on shelter, representing fully half (50.5%) of their average annual incomes. This amount exceeded the 30% income threshold by an average of \$510 per month.
- The large majority of these individuals and families lived on low incomes. In 2011, 41.8% of households living in unaffordable housing had total incomes below \$20,000 per year, while 60.8% had incomes under \$30,000.

- One-person households were two and a half times more likely to live in unaffordable housing compared to couple families (41.4% vs. 15.4%), while one-third of lone-parent families (36.3%) spent more than 30% of total income on shelter.

Many others live in housing that is in poor repair or overcrowded

- Almost one million households (7.4%) live in homes that require repairs, and almost 800,000 (6.0%) live in “unsuitable” housing, that is, housing that is too small for the household given its size and make-up according to National Occupancy Standard requirements.¹⁷
- These problems are especially acute among Aboriginal peoples living on reserve. Four in ten on-reserve households (43.5%) live in housing that requires major repairs, and one-quarter (25.2%) live in cramped quarters.¹⁸

People with lower incomes spend a much higher proportion of their income on shelter



Source: Statistics Canada, National Household Survey 2011. Catalogue Number 99-014-X2011031.

Low vacancy rates in private rental housing continue to drive up shelter costs

- Lack of affordable housing is directly linked to the shortage of rental housing in Canada. With a vacancy rate below 3% – the level experts cite as the minimum for a healthy rental market – rental housing in Canada is in dangerously low supply.¹⁹
- While the national vacancy rate in major urban centres climbed from 2.3% in April 2012 to 2.7% in April 2013, the rate in certain cities is still much lower. In April 2013, the vacancy rate was 1.9% in Winnipeg and Regina, 1.6% in Toronto, Oshawa and Guelph, and 1.5% in St. John's. Calgary and Edmonton had the lowest vacancy rate in the country at 1.2%.
- While almost one-third of all households in Canada rent, private rental development has decreased, accounting for only 10% of all residential construction over the past 15 years.²⁰

- Because of the shortage, rental housing prices are rising faster than the rate of inflation and median hourly wages (2.2% vs. 1.5% and 2.0%, respectively, between 2011 and 2012). Newfoundland, Manitoba, and Saskatchewan have experienced the most significant increases in the cost of rental housing in recent years.²¹

Long waits for subsidized housing are the norm

- The shortage of affordable housing is driving up demand for subsidized housing, but the supply of these units is limited.
- In Ontario, for example, there were 156,358 households waiting for rent-geared-to-income assisted housing as of December 2011. While it varies by location and household type, the average wait time in Ontario is two to four years. Some groups (mostly seniors) are housed within a year, while others (mostly singles and childless couples under 65) can wait up to 10 years.²² Similarly, in Vancouver, the average wait time is 16 months and in Halifax it is approximately three years.²³

In Canada, there just isn't enough affordable housing.

Across the country, thousands of people are waiting—sometimes up to 9 years—for affordable housing. And rental rates in numerous cities put housing out of reach for many.



Source: CMHC, Rental Market Survey; Interviews with housing officials in selected communities.
 * Fall 2012