



Building Back Differently

Building Back through
Addressing Housing
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Building Back Differently is a collaborative project between Trent University researchers and community experts that pulls together local data and experience from the Peterborough region to help envision a healthier, more equitable future in the wake of the COVID-19 pandemic.

Building Back through Addressing Housing

This piece focuses on the local housing condition – with a particular focus on moderate to low-income households, usually renter households. Homelessness and long-term care housing are also examined. Everything included here refers to the Peterborough Census Metropolitan Area unless otherwise specified.

Housing, in particular the cost of housing, has become increasingly burdensome to most renter-households in the Peterborough CMA. Although the situation has been referred to as a 'crisis,' it has not been a sudden or recent occurrence. This is a decade's old problem that has been accruing deficits in a cumulative, if not exponential, fashion.

Many, renter households (in particular), spend beyond the Canada Mortgage and Housing Corporation guideline suggesting that no household should spend more than 30% of its total, before-tax, household income on housing costs.ⁱ When spending exceeds this guideline, the household is deemed to be in 'core housing need.' The 2016 Census for the Peterborough Census Metropolitan Area reported that 52.5% of tenant households were in 'core housing need,' a rate expected to increase in the 2021 Census.ⁱⁱ

All 'core housing need' households *overspend* to maintain their housing status. It is this overspending that becomes more cumulative and alarming with each subsequent year. Rental costs increase yearly, exceeding wage increases and the rate of inflation. If overspending is the cause, the effects are manifold. Most households, but certainly those in 'core housing need,' have diminishing disposable income to spend in the marketplace. Many in 'severe core housing need' (i.e., spending more than 50% of household income on housing costs) have nutritional deficits and definite health impacts.ⁱⁱⁱ Children in these households ('severe core housing need') are more likely to be deprived of developmental opportunities both within the community and in education.^{iv}

In the Peterborough CMA, rental properties are not plentiful with respect to the demand. That is, the supply is limited. In Jan. 2022, the current vacancy rate was 1.0%,^v the lowest vacancy rate in Ontario. New purpose-built rental units have been in short supply in recent years resulting in perennially low vacancy rates. Remaining at 2018 levels, there were no new additions to the purpose-built apartment universe as of December 2021. However, construction of these units is currently at a 30-year high.^{vi}

When low vacancy rates are combined with high 'core housing need,' the result is severely restricted choice. Renters are commonly forced to remain in their units even though some of their apartments may not meet the standards of decent, affordable, or safe accommodation.

In the case of apartment 'turnover' (i.e., new tenants come into a unit), the rents are usually increased, as permitted by provincial rent guidelines. This also contributes to the overall lack of affordability experienced in the community.

Many factors amplify the rental housing crisis. Apartments deemed 'affordable' (i.e., at or below average market rent) are being lost at rates which exceed the creation of 'affordable units' that use government funding. In Canada, for every one 'affordable' unit created, at considerable public cost, fifteen existing private 'affordable' units (i.e., rents below \$750 monthly) were lost.^{vii}

In the last two years alone (2019 - 2021), rent increases in the entire rental domain (Peterborough CMA) have increased 14.9%. Two-bedroom units have increased by 19.2%. Other evidence of the affordability gap is the one-year change (2020 - 2021) in the hours of work needed per month to rent a 2-bedroom apartment at 30% of household income. In the Peterborough CMA, 36.7 additional hours of work per month would be necessary.^{viii}

A major reason for the disappearance of 'affordable' apartments is the commoditization of housing. Big capital ventures commonly acquire what they determine to be 'under-producing' apartments. Rents in these buildings are usually 'affordable' (i.e., at or below average market rent). After acquisition, tenants are evicted and replaced with tenants who then pay much higher rents.

This commodification or financialization of housing does not respect the shelter or social value of housing. Its prime objective is profit. Effectively, the well-being of so many is predicated on the manipulation of the private marketplace. According to Martine August, (University of Waterloo), 20 to 30 per cent of Canada's rental apartment market is owned by institutional landlords.^{ix}

Homelessness is a chronic condition in our society. When homeless individuals are housed at public expense, other persons emerge to take their places on the streets and in our shelters. (The rates of migration of homeless individuals into Peterborough is less than 10%).^x Homelessness is where we witness the extreme effects of inequality, (i.e., marginalization).

The global pandemic had definite effects on the housing market, many of which exacerbated existing conditions. In the rental market, some tenants lost employment or other forms of income and then experienced eviction when rents were unpaid. Other renter households were in accommodations that didn't contribute to prevention or avoidance of the pathogen.

However, one of the most pronounced effects was seen in long-term care (LTC) facilities, notably in the 'for profit' homes.^{xi} Here the vulnerable, aged residents experienced higher incidence of both the virus and resulting mortality. The outcomes in LTC homes have brought keen attention to the need to examine pre-existing conditions that contributed to the tragedy. In particular, the differential conditions between 'for profit' and 'not for profit' facilities have been exposed.

In the ownership market, prices have soared during the pandemic period. It is difficult to draw a distinct correlation between the virus and rising prices. Nevertheless, house prices have seen one of the most severe inflationary periods in history. This has prevented many renter households from entering the ownership market at this time and perhaps all future times. Many households are now regarding rental as a life-time condition.

With low interest rates on borrowed money, the ownership market saw increased investor activity during the virus period. This activity contributed to inflated prices as buyers competed. Currently, with interest rates increasing, there could be a slowing in this form of speculation.

Presumably, the consequences of this radical inflation of house prices are yet to be witnessed especially as general market inflation builds in. The final chapter has not been written in the ownership market surge. Again, we must question whether the pandemic was influential in rising house prices.

When we deal with housing, two facts must remain in our consciousness:

First, housing is an income issue. While other market factors contribute to punitive housing costs, insufficient incomes are a substantive cause of housing affordability issues. Similarly, income's role exists as fundamental in food insecurity and poverty.

Second, housing is a social determinant of health. We must see housing as health. The quality of housing has a strong correlation with the health of its occupants as expressed in chronic illnesses and shortened life spans. Not only is it the condition of housing that contributes to poor health, it's also lack of affordability. When housing's costs put increasing stress on household finances and thus their ability to engage in society, there is a reduced or limited ability to address health needs.^{xii}

Did the pandemic affect the housing market in the Peterborough Census Metropolitan Area? Rents continue to rise as do house prices. The prevalence of 'housing burden' (i.e., cost of housing in the perspective of total household income) continues to deteriorate the living standards of too many households. The so-often-termed 'housing crisis' has accrued sufficient life-changing effects in lower income echelons as to produce levels of alarm prompting the term 'housing emergency.' It is fair to say that housing continues as a significant, financial life definer in moderate-and low-income households.

If there are Covid effects, they are to be found in the long-term care industry. Here, scrutiny and examination are drawing valid conclusions and correlations. With the light shone upon deficiencies, there is a high probability of change and improvement of conditions in these facilities. Many are calling upon government to ban the existence of 'for profit' homes.

Recommendations:

1. Government (Federal and Provincial) must make a dedicated commitment to the principle of 'housing as a human right'. All persons and households must be housed in circumstances that do not negatively impact on their finances or their ability to live safe, healthy lives.
2. If housing is a human right, there must be a mechanism developed to ensure that housing can never represent a burden on household finances wherein housing precludes life's necessities and therefore impacts on health. An example might be a refundable tax credit in consideration of household income and housing costs.
3. In recognition that a growing and significant percentage of income-challenged renters cannot find or afford their housing in the private market, governments must create a larger stock of non-market housing. Not only does this include shelters and transitional and supportive housing, it comprises rent-geared-to-income, not-for-profit and co-operative housing. These must be built in numbers sufficient for and in proportion to the actual need in our society. Governments' obligations in these forms of housing must persist as long our economic system effectively produces protracted inequality and marginalization of citizens.
4. Homelessness is an expensive outcome of marginalization in our society. It can be addressed either at the level of societal causes or at the level of

provision of services for the homeless (i.e., 'supportive housing', shelters, food provision, etc.). In other words, governments must choose between a 'prevention' or 'management' approach. This must address the actual levels of need in homelessness.

Relevant resources:

Please refer to Housing Is Fundamental 2020 and Housing Is Fundamental 2021. In each issue there are many references.

- Housing Is Fundamental 2020, <https://www.uwpeterborough.ca/how-we-help/housing-is-fundamental/>
- Housing Is Fundamental 2021, <https://www.uwpeterborough.ca/wp-content/uploads/2021/10/HousingIsFundamental-2021.pdf>

ⁱHerbert, C., Hermann, A., McCue, D. (2018). Measuring housing affordability: Assessing the 30 percent of income standard. Harvard Joint Center for Housing Studies. <https://www.jchs.harvard.edu/research-areas/working-papers/measuring-housing-affordability-assessing-30-percent-income-standard>

ⁱⁱStatistics Canada. (2017). Peterborough [Census metropolitan area]. Census Profile. 2016 Census. Statistics Canada Catalogue no. 98-316-X2016001. Ottawa. <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/prof/details/page.cfm?Lang=E&Geo1=CMACA&Code1=529&Geo2=PR&Code2=35&SearchText=Peterborough&SearchType=Begin&SearchPR=01&B1=Housing&TABID=1&type=0>

ⁱⁱⁱWaterston, S., Grueger, B., Samson, L., & Canadian Paediatric Society, Community Paediatrics Committee. (2015). Housing Need in Canada: Healthy Lives Start at Home, *Paediatric Child Health*, 20(7): 403–407. <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4614099/>

^{iv}Rogova, A., Pullman, A., Blanco Iglesias, C., Bryce, R. (2016). Inequality Explained: The hidden gaps in Canada's education system. Open Canada. <https://opencanada.org/inequality-explained-hidden-gaps-canadas-education-system/>

^vCanada Mortgage and Housing Corporation. (February, 2022). Rental Market Report. <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2021-en.pdf?rev=a5a0eaac-6f70-4058-8aa3-e6d307685910>

^{vi}Canada Mortgage and Housing Corporation. (February, 2022). Rental Market Report. <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2021-en.pdf?rev=a5a0eaac-6f70-4058-8aa3-e6d307685910>

^{vii}Pomeroy, S. (May, 2020). Why Canada needs a non-market rental acquisition strategy. Focus Consulting Inc. <http://www.focus-consult.com/why-canada-needs-a-non-market-rental-acquisition-strategy/>

^{viii}Canada Mortgage and Housing Corporation. (February, 2022). Rental Market Report. <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/housing-markets-data-and-research/market-reports/rental-market-report/rental-market-report-2021-en.pdf?rev=a5a0eaac-6f70-4058-8aa3-e6d307685910>

^{ix}Why Canada is losing affordable rental housing faster than it's being built, March 10, 2022, <https://www.cbc.ca/news/canada/financialization-and-canadian-renters-1.6378257>

^x Myths About Homelessness in Peterborough. Social Services Department, City of Peterborough
www.peterborough.ca/socialservices

^{xi}Perkel, C. (July 22, 2022). More COVID-19 deaths at for-profit nursing homes in Ontario, study finds. CBC News.
<https://www.cbc.ca/news/canada/toronto/covid-ltc-study-1.5659224>

^{xii} Reference Housing and Health: An Overview of the Literature
<https://www.healthaffairs.org/doi/10.1377/hpb20180313.396577/>