

2022

17th edition

Housing is Fundamental.

A report to the community of Peterborough

Ref. 1

Rental Market Highlights

Peterborough Census Metropolitan Area, 2021

- Average asking rent for vacant apartments was **22.4% higher** than the average rent for occupied units
- Average two-bedroom rent is \$1,316 - **up 10.5%** from 2020
- **Vacancy rate at 1%** for 2021 - the lowest among Ontario CMAs
- Renter options for low-income households are severely limited, with **no vacancies** for apartments renting **below \$1,000**
- Overall average market rent is \$1,211 - **up 7.7%** from 2020
- There has been **no growth** in rental supply
- The gap in rental levels between vacant and occupied units **widened further** in 2021
- Strong increase in demand, up by **1.5%**
- As of December 2021, rental construction is at a **30 year high**
- **Rising home ownership costs** have forced more people to seek or remain in rental accommodation
- The purpose-built rental universe saw **few additions** – the universe remained essentially at 2018 levels
- There has been a **slow, but steady loss** of “affordable” units
(according to CMHC anecdotal evidence)
- **Strong upward pressure** on vacant unit rents due to lower vacancy rates



United Way
Peterborough & District

Executive Summary

The housing crisis for renters in the Peterborough CMA actually got worse in 2021. Some rents grew at rates never before seen in this jurisdiction. Then there's the vacancy rate, which at 1%, is the lowest rate in all of Ontario. Ours is a tight rental market with very few options for those who want to rent or relocate.

The flood of investors into real estate has increased prices both within ownership and rental markets. Completely ignoring housing's shelter value, these investors treat housing like any other commodity, their only interest being profit. Here, we see almost no intervention from governments to protect households from rising costs.

It is increasingly difficult to separate the crises of income, wealth, housing, health, security and opportunity. All are outcomes of growing inequality. When the benefits of economic growth fail to be distributed in an equitable manner, there are winners and losers, with losers predominating. This is most apparent in income and wealth disparity.

Post-WWII Canada strove to bring about income security and stability. The result was the creation of a social safety net that grew during the '50s and '60s. However, shifts in ideology that shape the political economy, most notably starting in the '80s, damaged and eroded these safeguards. As the safety net came under attack, inequality commenced its upward spiral.

We continue to be under the cloud of a pandemic. After two plus years, the negative effects are clearly being borne by the lower income stratum. Recovery for the middle stratum was swift, while the uppermost income echelon enjoyed unthinkable gains. The pandemic contributed to more inequality.

While the government is aware of the housing crisis and active in efforts to reduce its impact, the current political economy of the nation continues to produce and expand income inequality – an essential catalyst in the housing crisis. We need to question why the government isn't more robust in their efforts to support households in 'core housing need'? Why should any Canadian household live in housing that is not only unaffordable to them, but threatening to their wellbeing? We may find answers in both the government and the financial sectors' deep devotion to Canada's long-standing housing model.

Let's watch for changes in thinking that guide our economy. More even distribution of income and more effective social security are seriously overdue. Will any revisions also include more energetic tackling of climate change? Confronting both social and climate issues will demand new philosophies, increased spending, targeted tax increases and tolerance of deficits. (See: "A New Paradigm in the Post COVID Period" in this document.)

- Paul Armstrong

Ref. 2

Working Additional Hours to Attain "Affordability"

Hours of work needed per month to keep monthly rent at 30% of gross income for a 2-bedroom purpose-built rental apartment.

"Affordability" is always determined using housing costs in relation to total household income. For Peterborough, the chart suggests the existing proportionality is not commensurate with "affordability".

Selected CMAs (Census Metropolitan Areas)	October 2020 (hours)	October 2021 (hours)	Change (hours)
Peterborough	123.8	160.5	36.7
Kingston	154.4	156.4	2.0
Kitchener-Cambridge- Waterloo	140.5	143.4	2.9
Toronto	170.7	178.3	7.6

Note: Calculation uses rent levels from CMHC Rental Market Survey and average hourly wage earnings from Statistics Canada.



Executive Summary

It's Time

We have to do it. We must see clearly and truly understand the overarching reason for the crises in housing, nutrition, health, and income; for lowering living standards, for disparity and for the overall social decline in this rich country.

But we need to name it - this thing that has eroded and undermined the wellbeing of so many - this thing that has so shaken our confidence in the government and other institutions - this thing that makes the future bright for some and so dismal for others. The ideology of greed, the policy failures, and the disregard for the security of every citizen has resulted in a hideous imbalance known as INEQUALITY.

Inequality has many faces seen in numerous outcomes including the crisis in housing. For almost four decades our economy has seen

growth which has mainly benefitted those at the top of society. Inequality has been referred to as the most significant challenge of our time. It is a disequilibrium that breeds discontent and unrest. (See: *The Growth of Inequality 1982 to 2018*)

The housing crisis doesn't reside only in a market or in a set of determinants. Primary among them is the ruthless commodification of an essential life requirement. Commodification is one of the precision tools that sculpts inequality.

While *Housing Is Fundamental* can chronicle the dimensions of the housing crisis in the Peterborough CMA, it wants you to know what underlies and propels the problem. Admittedly, our discussion of inequality in this report will be severely limited. But let it be known: the housing crisis, hunger, income insecurity, poverty, etc. are all symptoms. The organic disease is inequality.

“Lives are at stake. When lives are at stake we call that an emergency.”
- Councillor Jeff Leiper,
Ottawa (Feb. 2020)

Has Housing Morphed From Crisis to Emergency?

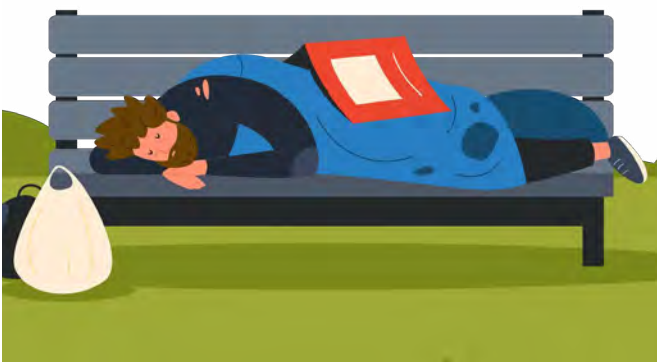
Governments have failed to respond adequately or proportionately as housing insidiously became a crisis. For some, the crisis presents hardship. For others, it becomes an existential threat. In the latter case, there is unquestionable urgency. For them, the emergency is alive.

Crisis:

when the accumulated deficits of a decades-old housing problem become a widespread, unrelenting burden on households

Emergency:

when the effects of a crisis are so persistent and corrosive as to require urgent action



Ref. 3

Average Private Market Rents & Required Minimum Income

The Ontario Rent Increase Guideline for 2022 is 1.2%. Compare with one-year increases. No apartment type in the Peterborough CMA can be rented "affordably" with annual incomes less than \$32,200. A minimum-wage earner has an annual income of \$29,250 when working a full year at \$15 per hour.

Type	2020	2021	Change 2020-2021	Annual Income for rent "affordability" in 2021	Wage Hour for "affordability" (full-time work)
Bachelor	\$819	\$805	-1.7%	\$32,200	\$16.51
One-Bedroom	\$990	\$1,049	5.9%	\$41,960	\$21.52
Two-Bedroom	\$1,191	\$1,316	10.5%	\$52,640	\$26.99
Three-Bedroom	\$1,427	\$1,403	-1.7%	\$56,120	\$28.78
Overall Average Market Rent	\$1,124	\$1,211	7.7%	\$48,440	\$24.84

Notes: 1. "affordability" means the household pays no more than 30% of total before-tax income
2. wage hour calculations based on 1,950 hours of work annually at 37.5 hours per week

Ref. 4

How Pervasive is the Core Housing Need (CHN)?

Core housing need = spending in excess of 30% of total, before-tax, household income on housing costs

In the period between 2006 and 2016, the 'core housing need' rate rose in the Peterborough CMA.

According to the 2016 Census for the City of Peterborough, 53.5% of renter households were in CHN. The revised percentage for CHN from the 2021 Census is as yet unavailable.



Ref. 5

Scarcity of Apartments in Peterborough

Year	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacancy Rate	2.7%	4.8%	2.9%	3.7%	1.0%	1.1%	1.5%	2.1%	2.6%	1.0%

In 2021 the Peterborough CMA had the lowest vacancy rate in Ontario.

“In major centres, a **quarter** of **all residential real estate** is held by **investors**, not owners. This a trend that the **federal government** could **easily constrain**.”

- David Macdonald,
CCPA Senior Economist (June 17, 2022)



Ref. 6

Unthinkable Rent Increases During COVID

Rental Increases 2019-2021	2019 (end of year)	2021 (end of year)	2019-2021
Two-Bedroom Unit Average Market Rent	\$1,104	\$1,316	19.2%
Entire Rental Domain Peterborough CMA Average Market Rent	\$1,054	\$1,211	14.9%

Ref. 7

'AGIs': More Prevalent

'AGI' stands for above guideline increase. Landlords, claiming expenditures on their buildings, apply to the Province for rent increases that exceed the allowable guideline. Effectively, the cost of work on these buildings is being passed on to the renters.

However, even when the landlord has recouped the cost of the work, the increased rents are never reduced. Furthermore, the increases elevate the base on which all future allowable percentage increases are calculated. This is how landlords profit from renovations. Incidentally, the expenditures on buildings are deductible from rent revenues at tax time.

Work on rental buildings is often necessary maintenance. It's the cost of doing business. Is it reasonable to ask tenants to pay for these expenses? Do transportation companies increase their rates every time they change the oil in their vehicles?

Here we see the province taking the part of the landlords and not the renters. Does this further inequality?

Please read the CBC article (ref.7) to find out how the number of these 'AGIs' have dramatically increased.



Ref. 8

Who Will Defend the Right to Housing?

Governments must decide whether housing is a social good and human right, or simply a commodity to be manipulated for profit with financial detriment for households.

Large, institutional investors or 'corporate landlords' have a growing footprint in our cities. Investment firms seek to purchase multiple housing units and then rent them out to make a profit. They view houses

not as homes, but as money-making machines—lucrative investments instead of a human right.

Corporate landlords are concentrated in the world's big cities. With the value of residential real estate surging, housing has become by far the largest asset class on earth, worth three times more than global GDP and more than 20 times all the gold ever mined. Who will defend the right to housing?

Ref. 9

Financialization of Housing and Our National Housing Model

The financialization of housing refers to the expanding role that housing plays as a market commodity as distinct from its provision of shelter. The number of “investor” buyers doubled in 2021, compared to 2020. The result has been a vicious circle of demand escalation, and ultimately greater mortgage indebtedness.

Our national housing model has, for the last 90 years, promoted home ownership over rental. Canada could have opted for something different – a model resembling some European countries, having lower rates of home ownership and more widespread

co-operative housing (government subsidized). Reluctance to establish a model with more non-market housing options has reinforced home ownership, which is twice as large as the rental market. Mortgaged home ownership has played a significant role in the health of financial markets.

Does this explain government reluctance to help households in core housing need in a comprehensive fashion?

Are governments disinclined to interfere in the private housing market (rental and ownership) and, by extension, the financial markets?

“Housing is being manipulated like any other commodity in the marketplace. Real estate has always been seen as a safe bet. Over time it has always inflated in value and been attractive to many investors looking for security. There is both an injustice and immorality when the well-being of so many people is left to the manipulation of the private marketplace.”

- Paul Armstrong



Ref. 10

Financialization Forces Turnovers

In something experts call “financialization” (or financialization of housing), large investors have brought industrial standardization and a financial focus to the landlord business. Older apartment buildings are purchased, tenants are evicted, units are re-rented, and affordable rents are replaced with inflated rents.

According to Martine August, (University of Waterloo), 20 to 30 per cent of Canada’s rental apartment market is owned by institutional landlords. Real estate investment trusts (REITs) own or invest in income-producing real estate and distribute profits to their shareholders. Many REITs are traded publicly on the stock market.

Extracting as much value as possible from rental buildings is the singular objective, according to August. “The important thing to realize is that

those buildings are people’s homes. And where that money comes from is basically tenants’ pockets.”

“Repairs and renovations actually make money for firms,” August said. “They invest in them (renovations) because they can then legitimize higher rents.”

According to annual reports, the four largest Canadian real estate investment trusts (REIT) disbursed more than \$2 billion in profits to investors between 2015 and 2020.

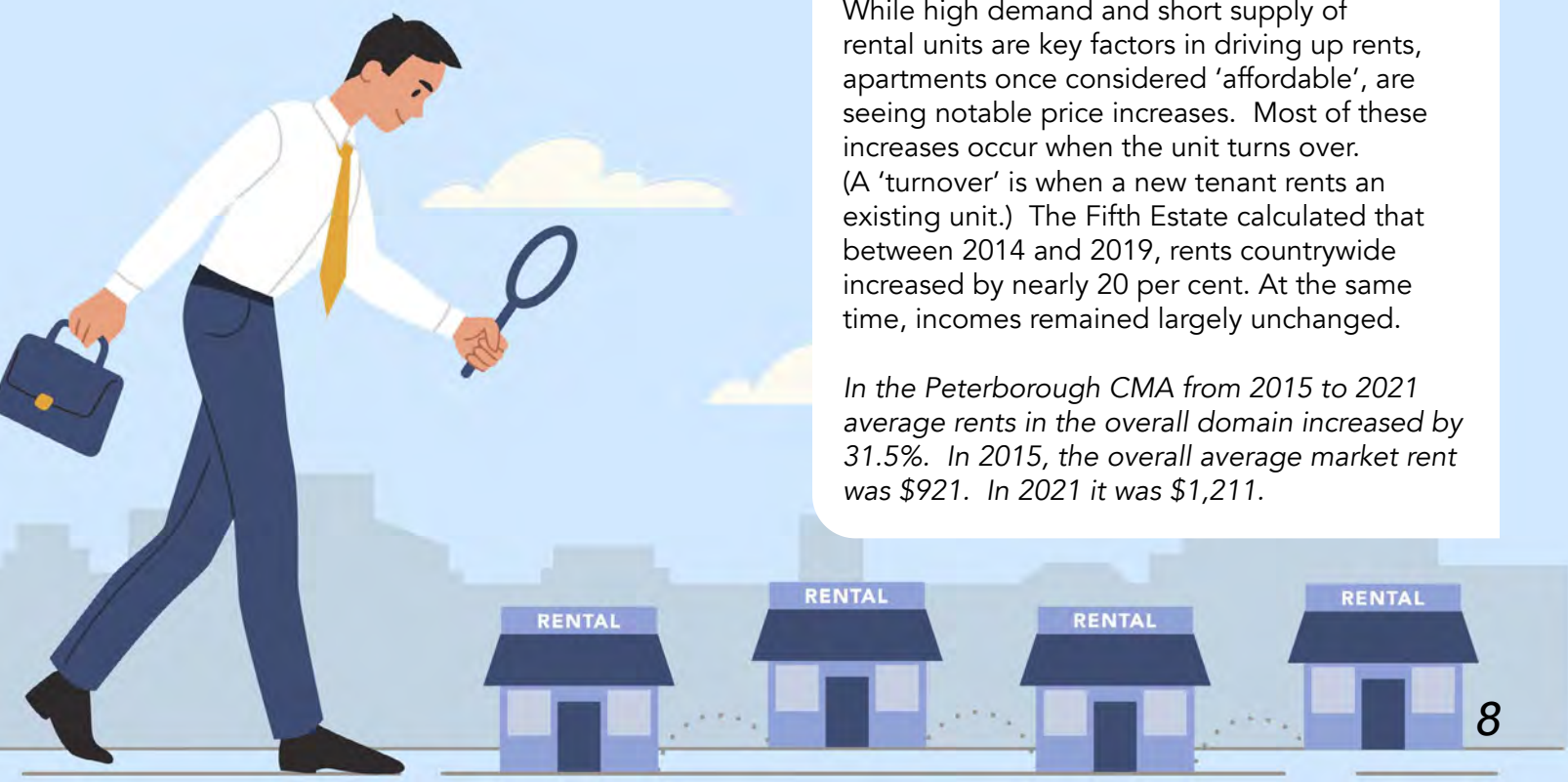
Housing is supposed to be a public good. But the private sector investors would seem to disagree. Michael Brooks, CEO of REALPAC, the association that represents many of Canada’s largest real estate companies, says “.... the private sector is not primarily in the business of providing a public good.”

Ref. 11

Losing Affordable Rents

While high demand and short supply of rental units are key factors in driving up rents, apartments once considered ‘affordable’, are seeing notable price increases. Most of these increases occur when the unit turns over. (A ‘turnover’ is when a new tenant rents an existing unit.) The Fifth Estate calculated that between 2014 and 2019, rents countrywide increased by nearly 20 per cent. At the same time, incomes remained largely unchanged.

In the Peterborough CMA from 2015 to 2021 average rents in the overall domain increased by 31.5%. In 2015, the overall average market rent was \$921. In 2021 it was \$1,211.



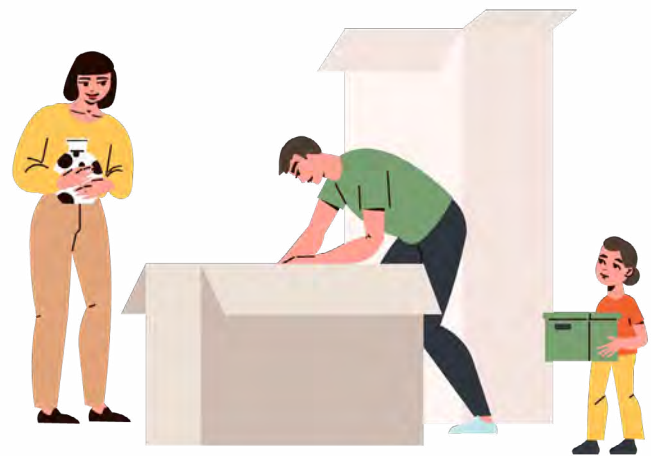
Social/Affordable Housing

Ref. 12

Vienna’s Unique Social Housing Program

In Europe, “social housing” refers to government-owned or regulated affordable housing. In Vienna, Austria, high-quality housing for the working class is a city commitment. The city government owns and manages 220,000 housing units representing 25% of the city’s stock. In addition, the city indirectly controls 200,000 units built and owned by limited-profit private developers through a city-regulated process.

Note: Vienna has a housing model that promotes rental living and affordability. By contrast, Canada has a model that promotes home ownership over rental. However, the decades-old wealth and income decline within Canadian society means more Canadians are left with no option other than renting. Unfortunately, for a growing number of Canadian households, rental has become increasingly unaffordable, competitive, and less available.



1 in 5 Canadian renter households spend **more than half** their income on rent.



Ontario’s Housing Continuum

As much as **80% of households** in Ontario find their housing in ‘Market Housing’. Many households face **serious affordability challenges** in this market.

Non-Market Housing (20% of all housing)

Homelessness	Programs/services for the homeless
Shelters	Short-term temporary housing
Transitional Housing	Temporary – between shelters and permanent housing
Supportive Housing	Housing with support services to assist in independent living
Social Housing	Government funded including public, not-for-profit and co-operative housing
Subsidized Rental	Market housing subsidized through government funding

Market Housing (80% of all housing)

Private Market Rental	No government funding provided
Home Ownership	No government funding provided

Social/Affordable Housing

Ref. 13

Light at the End of the Tunnel.

The City's plans are responsive to the most severe housing needs in the Peterborough CMA. Creativity and ingenuity are a prerequisite in the ultimate success of these plans. As citizens, we are often unaware of the City's ongoing enterprise in alleviating the local housing crisis.

The City of Peterborough is acting on the acute housing needs in this community. The greatest need is permanent, supportive housing to accommodate chronically homeless persons. Because these units require 24/7 staffing, the City must advocate for funding from multiple provincial ministries. Beyond this, a close second significant area of need is housing for both senior and non-senior singles having low incomes.

An ambitious City project will aim at the provision of approximately 1,100 units of market rent, 'affordable', and rent-geared-to-income (RGI) apartments. This comes as a continuation of the Peterborough Housing Corporation's (PHC)

intensification and redevelopment plan. Using properties already owned by PHC, current low density will be intensified. Capital funding and financing is expected to come through the Ontario Priorities Housing Initiative, Canada Mortgage and Housing Corporation's Co-Investment Fund.

'Affordable' units have rents at 80% of average market rent. Since some low-income households still cannot afford these units, rent supplements will be utilized to provide the 'affordability' required.

Using the Ten-Year Housing and Homelessness Plan, the City has developed a strategic plan to remediate the identified housing needs of this community.



Ref. 14

"An Age-Friendly Peterborough Housing Report: What Can Local Municipalities Do to Support Older Adults Aging in Place?"

Older adults make up a large portion of the population in the City and County of Peterborough. "What is it that older adults need in order to age in place?"

In rural communities, efforts toward sustainability will also accommodate the needs of seniors. While reinforcing the importance of social infrastructure for all ages, for seniors, this must include appropriate, affordable, innovative housing. This will allow older adults to remain in their communities where they have social connections.

The goals of Age-Friendly Peterborough coincide with the United Nations' Sustainable

Development Goals: a) "Ensure healthy lives and promote well-being for all at all ages.", b) "Make cities and human settlements inclusive, safe, resilient, and sustainable."

Findings of the research indicated that a variety of housing forms are needed across all municipalities in the Peterborough County. In particular, there is greater need for smaller, one-level accessible apartments. Long-term care homes and multi-unit residential buildings are needed in rural municipalities. Tiny homes and congregate living options could also be beneficial in both rural and city settings.



Ref. 15

Income Insufficiency = Poverty

“There is **no economic or moral justification** for the poverty afflicting millions of people in Canada – one of the **richest places on earth**.” In this **timely, passionate** and **convincing** book, Jamie Swift and Elaine Power invoke the **powerful vision of basic income** to inspire a fundamental **rethinking** of poverty and **how to fight it**”.

Ref. 16

The Irony of Advanced Culture

“Our culture is so **‘advanced’**, and we have such **wealth, creativity, and productivity**—yet the **disparities and inequities** in all of our systems continue to **marginalize, fragment, and undermine** community and cultural cohesion.”



Inequality Quotient

Is Income Inequality a Necessary Evil?

It depends on the ideology. The Neo-Liberal period from 1980 until the present saw the co-evolution of economic growth and income inequality in Canada. Keynesian consensus from 1951 to 1980 concentrated on shared economic-growth benefits for all.

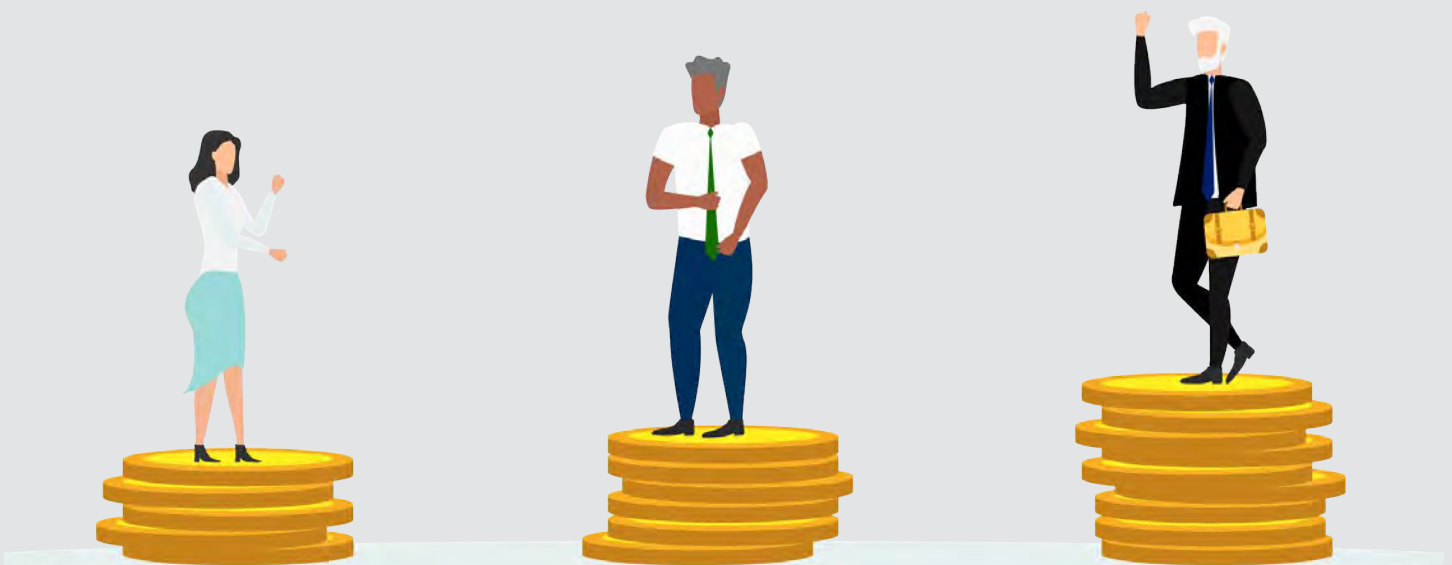
The pandemic **exacerbated inequality** and, in turn, further fuelled the housing crisis and other crises.

Ref. 17

Baby Boomers, Generation X and Millennials

Wealth is a measure of assets minus debts. It can capture the precariousness of life. The diminishing wealth of these successive generations is evidence of the impact of growing inequality.

	Collective Wealth at mean age 35	Notes
Baby Boomers (Born 1946-1964)	21%	came of age during economic growth times; shared benefits of growth
Generation X (Born 1965-1980)	9%	came of age during the era of wage stagnation and growing inequality
Millennials (Born 1980-1996)	3.2% (Will not reach mean age until 2023)	financial situation is relatively dire



Inequality Quotient

Ref. 18

A Short History of Inequality

Economic paradigms have informed the public policies that have shaped (and will continue to shape) inequality. From 1951 to 1981, the dominant economic policy was known as Keynesian consensus. During this time, all income echelons realized benefits from balanced growth and stable income inequality. However, the extraordinary inflation of the 1970s cast doubt on Keynesian consensus. Beginning in 1980, Neo-Liberal economic policies, focusing on balanced budgets

and low inflation, resulted in unbalanced growth and increasing inequality. This new policy direction also brought about widening income gaps, increased discontent, and political shifts. When COVID crashed the world economy, new thinking emerged on economic policy. With incredible speed, a new paradigm known as the Green New Deal emerged. It's focus is on social and environmental sustainability.

Stand Back and View the Broader Perspective:

In the ground-level examination, we can correctly identify a host of factors that nurture what has become a wide-spread housing crisis. A deeper investigation of the political economy, however, links housing, nutrition, health, security, and other social problems with one driving force

– the decades-old growth of inequality. It is not unreasonable to say that these crises are barometers for the state of inequality. The unequal distribution of economic benefits is the result of policy directions that believed growing inequality was essential to the growth of the economy.



Inequality Quotient

Ref. 18

The Growth of Income Inequality – 1982 to 2018

While the period of 1951 to 1982 saw roughly equal shares in increasing income at all levels of the income distribution, income inequality increased in the period of 1982 to 2018. The resulting income inequality: stability between 1951 and 1982, and growth between 1982 and 1918.

We currently witness the new, accelerated way wealth is shifting within the layers of society. While wealth continues to shrink in the middle and lower social stratum, it grows and accumulates in the upper echelons. Inequality empowers some parts of society while diminishing and weakening other parts. At its worst, this imbalance impoverishes and marginalizes some of it's members.

Level in the Canadian Income Distribution	Income Changes – 1982 to 2018
Top 1%	Income Roughly Doubled
Top 5%	Income Gains of 40%
Upper Part of Middle Class	Income Gains of 10%
Bottom Half of Income Distribution	Did Not Keep Pace With Inflation

“Corporate profits have recovered far **faster** and captured **more economic gains** than in any recent post-recession period. Meanwhile, **workers' wages** are **falling behind** inflation and capturing **much less** post-recession economic **growth** than after most recessions.”

- David Macdonald, CCPA Senior Economist

What Does it Prove When the Government Can Move So Quickly and Extensively?

Surely the **homelessness** and **precarious housing situations** Canada-wide must be **seen as an emergency**. The government, however, **fails to respond** like it did during COVID.

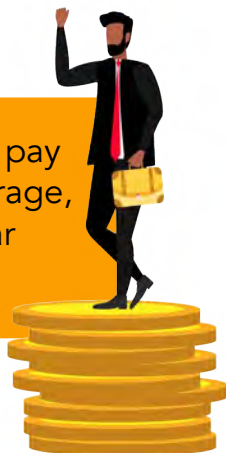
In 2020, the **federal government** suddenly created **new** multi-billion-dollar **social programs** in a matter of weeks as a **necessary response** to the emergency of the COVID pandemic. **Disaster did not strike** when governments **increased** their deficits by **several hundred billion dollars** to pay for new social programs.

This demonstrated that the **barriers** to a **better social safety net** are **political** and **not economic**. Dramatic social policy changes **can** happen rapidly.



Inequality Quotient

Corporate executive pay **rose 17%** or, on average, **\$171,000** in one year (2019-2020)



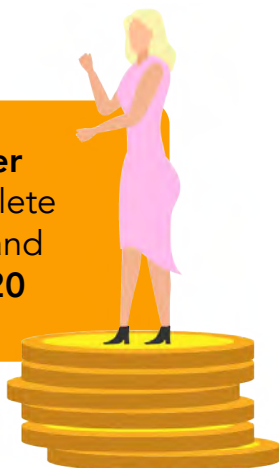
Low wage workers had **widespread** job losses



In April and May of 2020, **half** of all workers earning **\$17/hr or less** had either **lost their jobs** or the majority of their hours

As of **June 2021**, they still hadn't fully recovered

Those making **over \$35/hr** had complete **recovery** in jobs and hours **by July 2020**



Ref. 19

A New Paradigm in the Post-COVID Period

The current reliance on tax cuts and austerity, globalization, and toleration of entrenched income inequality is unlikely to produce the economic growth that would solve our pandemic and post-pandemic problems.

Canada is not unusual in realizing the need for a new paradigm of economic policy rejecting globalization and market dominance. Sometimes described as the "Green New Deal", 'building back better' has rapidly become mainstream thinking in international organizations. It is recognized that increased public spending is essential for progress in reducing both income inequality and greenhouse gas emissions.

Ref. 20

Who Benefitted From the Pandemic?

Ref. 21

The Pandemic Contributed to Greater Inequality

It has been clear that income losses from COVID-19 have been very unequally distributed.

The pandemic's economic impact has been "K-shaped". Recovery occurred at the top with worsening misery at the bottom. While the failings of Canada's public health system became evident, the pandemic shock also revealed the inadequacy of Canada's social safety net. Canadians came to understand the importance to their wellbeing of both public health and the social safety net.

Food Insecurity

Ref. 22

Food Security – An Income Issue

Reducing household food insecurity requires the commitment of public revenue and resources to improve the living standards of low-income Canadians. Either existing social benefits will require enhancement, or an income security threshold will need to be initiated.

Ref. 23

Multiple Negative Health Outcomes (independent of other social determinants of health)

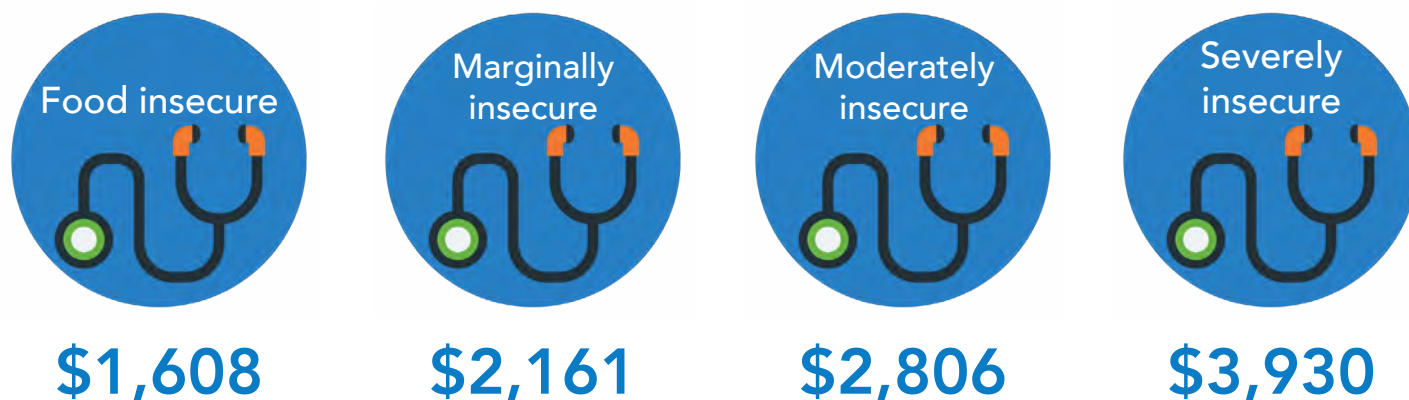
- Poorer mental health
- Increased probability of infectious and non-infectious diseases, chronic pain, and injuries
- Poorer disease management
- Increased health care utilization
- Higher mortality rates



Ref. 23

Average Health Care Costs Per Year

According to food security status, Ontario adults aged 18-64 years who experience increased food insecurity also face increased health care costs. The more food insecure they are, the higher their average health care costs.



Food Insecurity

Ref. 24

Hunger Hurts

In this country, we are literally keeping people alive using the 'charity model' of free food distribution to citizens who would otherwise perish. This might be more passable if food insecurity hadn't progressively grown on a nation-wide scale in recent decades, and more acceptable if we were not a prosperous nation capable of underwriting income security for all people.

Feed Ontario calls upon the Government of Ontario to address the province's income security and housing affordability issues immediately.

600,000

almost 600,000 adults and children accessed food banks in Ontario (a ten percent increase year-over-year)

36%



seniors accessing food banks increased by 36% year-over-year

Primary drivers of food bank use



over 3.6 million visits to Ontario food banks, an increase of 12 percent year-over-year

3.6 MILLION

Ontario Stats - April 1, 2020 to March 31, 2021

Ref. 23

You should know that....

- household food insecurity is a **potent social determinant** of health in Canada.
- household food insecurity is more than a food problem. It indicates **serious, pervasive material deprivation** within households.
- The **use of food banks** by the 'severely food insecure' **does not cause them to be food secure**.

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