



# Updating analysis on erosion of lower rent stock from 2021 census

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The loss of affordable housing in Canada is occurring at such a high rate that it will be impossible for current NHS initiatives to maintain, never mind expand, the net stock of low-rent units, research shows.

That is the conclusion of this brief update to previous research using the recent 2021 census release. This document also adds methodological considerations to guide further research seeking to decompose the nature and causes of documented loss of lower rent and more affordable rental stock.

In 2020 I published a brief seeking an additional funding stream for the National Housing Strategy (NHS) to enable non-profit housing organizations to acquire existing moderate rent rental properties. That analysis highlighted the rapid erosion of such lower rent stock, and how this process negates efforts to increase affordable supply under the NHS.

I argued for the need to encourage mechanisms and funding to support non-profit acquisition to address this loss. It would slow the impact of private capital funds buying these existing affordable properties to increase rents and thereby generate strong investment returns.

In that brief I used a threshold rent of \$750/month, a convenient benchmark as Statistics Canada rent ranges use \$250 increments above \$500. This \$750 rent equates to an income of \$30,000 per year, based on the commonly accepted 30% benchmark for affordability. It also roughly approximates annual income at minimum wage.

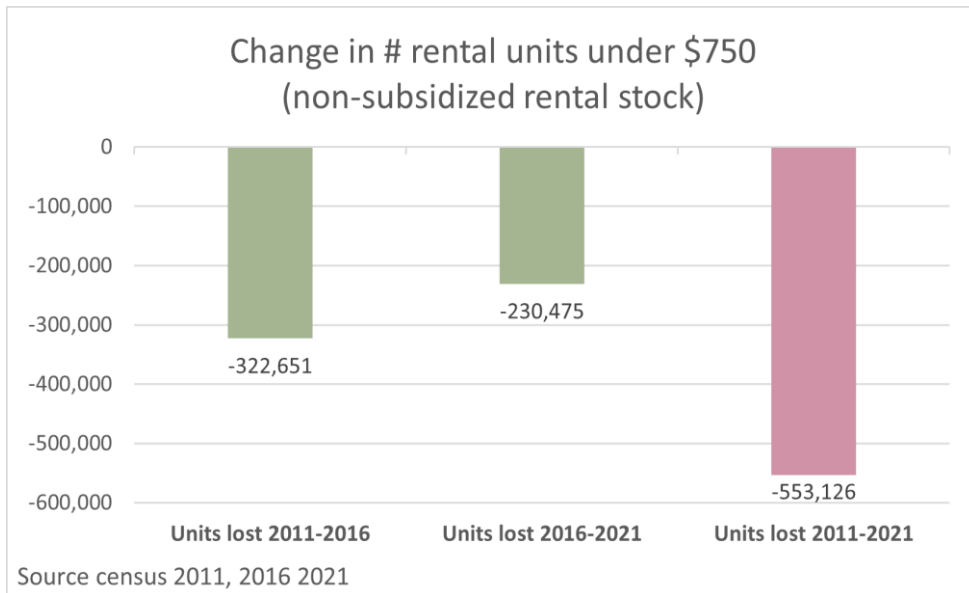
That said, it's a rough rule of thumb, not a definitive measure. And as discussed below, it does not necessarily capture loss in higher cost markets. More refined local analysis will be required alongside parallel research to more fully decompose the nature of this loss (e.g., size of units, whether caused by absolute loss through property demolition or conversion versus simply inflating rents moving above \$750, and whether this inflation is associated with permitted regulated increases, building improvements, vacancy decontrol or practices such as renovictions).

In the meantime, the census data does help to provide rough approximations and order of magnitude of the erosion of lower rent stock, which inevitably impacts on access and rent burdens for lower income households.

### **National update from Census 2021**

The release of the shelter cost and income data from the 2021 Census now provides an opportunity to update this earlier 2011-16 assessment. The census breaks out non-subsidized from all rental units, and in this review only the "non-subsidized" numbers are used.

As expected, the trend has continued, albeit at a slightly slower pace, but still substantially outpaces new affordable construction. From 2016-2021, a further 230,000 low-rent units (rents below \$750) were lost (an average of 46,000 per year), on top of the loss in the prior five years (322,000). This represents 6% of total unsubsidized rental housing.



To date since its inception in 2018, the NHS has committed funding to build just over 95,000 new homes with roughly two-thirds of these at some level of affordable (RCFI (Rental Construction Financing Initiative units account for the remaining third, 38,000, and most are well above any reasonable definition of affordable and almost none below the \$750/month used to assess the census data). Very few have yet been completed with most in process or under construction.

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So, by comparison the annual rate of loss (46,000) since 2016 is more than double the number of new units being added annually (under 20,000) under NHS funding. And this ignores the much larger backlog created from 2011-16 when fewer than 4,000 homes were added each year versus a loss of over 64,000 per year (a loss of 16 existing affordable homes for every new affordable unit created).

Without a response to address this rate of erosion it will be impossible for the substantial funding under the current array of NHS initiatives to have any impact in expanding the net stock of low rent units. In fact, the rate of erosion suggests that renter affordability issues will worsen, despite NHS investments.

**Sub-national provincial assessment**

In looking to see if this national trend plays out the same across the country, we can first look at the data through a provincial lens. This shows that in absolute terms the greatest losses were in Quebec, followed by Ontario and BC.