

MARCH 2023

Affordable Housing Solutions



Summary of Current State

Non-rent controlled markets

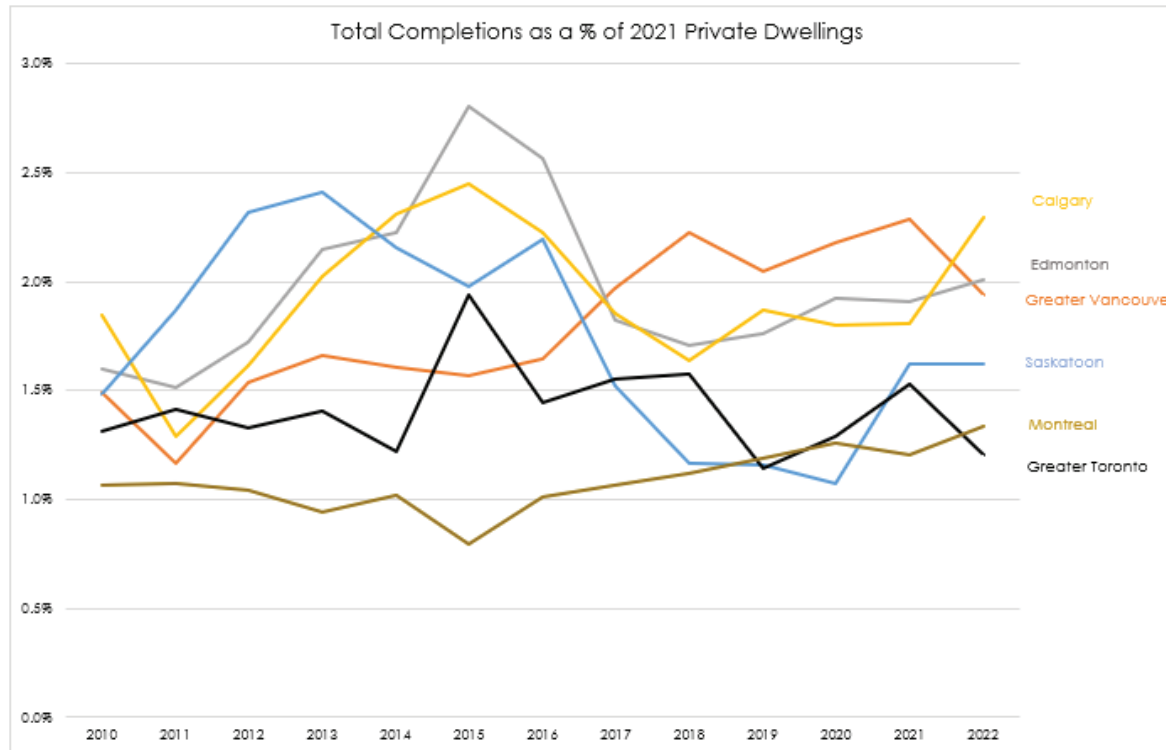
Less regulations > significant housing completions > housing over supply
> lower occupancy > affordable rental rates

Rent controlled markets

More regulations > less housing completions > housing supply shortage
> high occupancy > high rental rates

Total Housing Units Built Each Year

Scaled for the 2021 census housing stock



Key Message:

New housing supply is the highest in non-rent controlled markets.

Additions to housing supply each year on average (2010-2022):

Edmonton = 2.0%

Calgary = 1.9%

Greater Vancouver = 1.8%

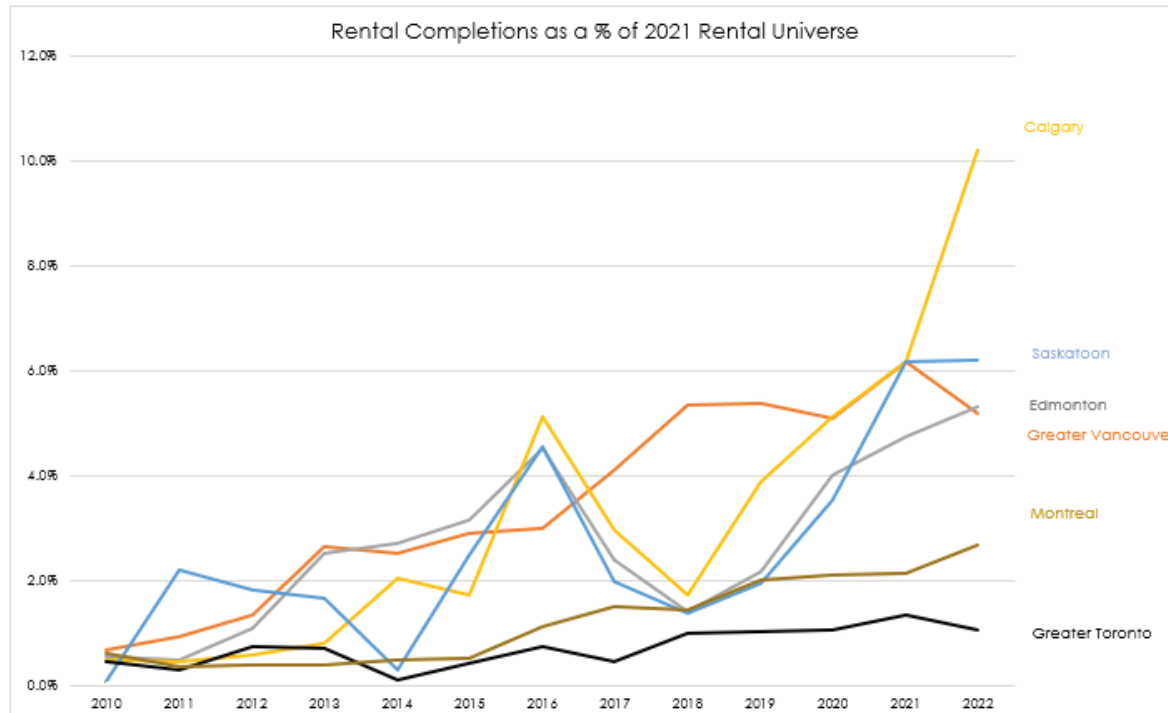
Saskatoon = 1.7%

Greater Toronto = 1.4%

Montreal = 1.1%

Total Rental Housing Units Built Each Year

Scaled for the existing number of rental apartments in 2021



Key Message:

Non-rent controlled markets have significantly more new relative rental supply.

In addition to the large volume of rental deliveries in 2022, as at December 2022, there were ~6,600 rental units under construction in Calgary.

Edmonton = 2.7%

Calgary = 3.2%

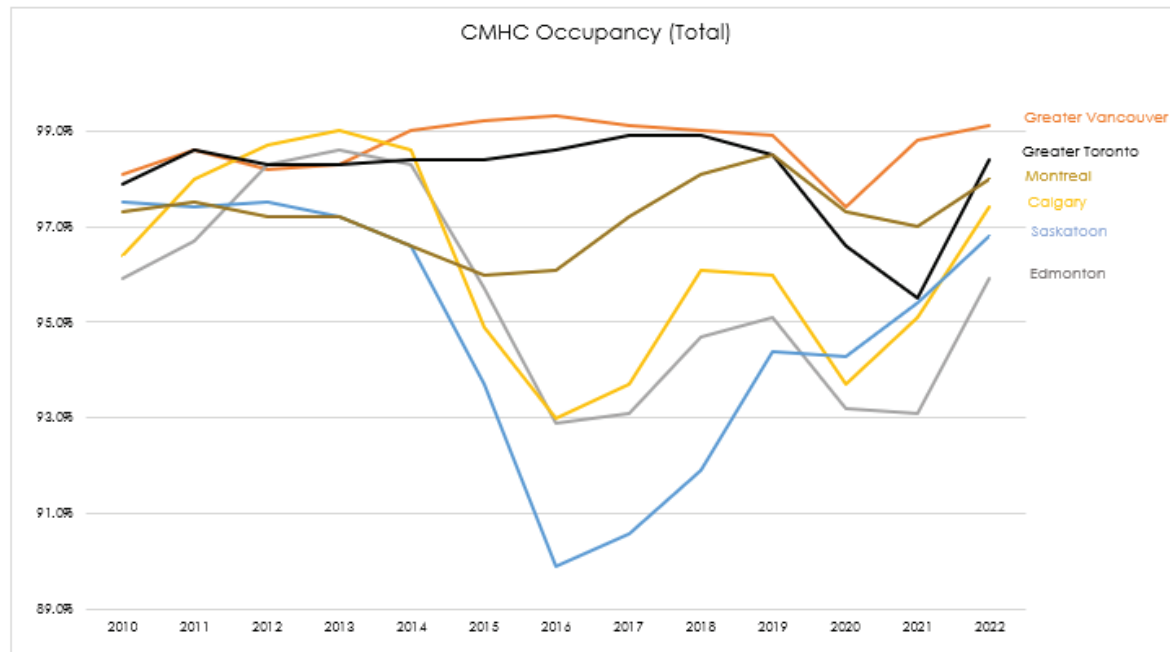
Greater Vancouver = 3.5%

Saskatoon = 2.6%

Greater Toronto = 0.7%

Montreal = 1.2%

CMHC Rental Market Survey History of Occupancy



Key Message:

Non rent-controlled markets have the highest vacancy as a result of more supply.

Calgary, Edmonton and Saskatoon markets saw significant housing completions in 2014-2019

Average occupancy (2010-2022):

Edmonton = 95.5%

Calgary = 96.2%

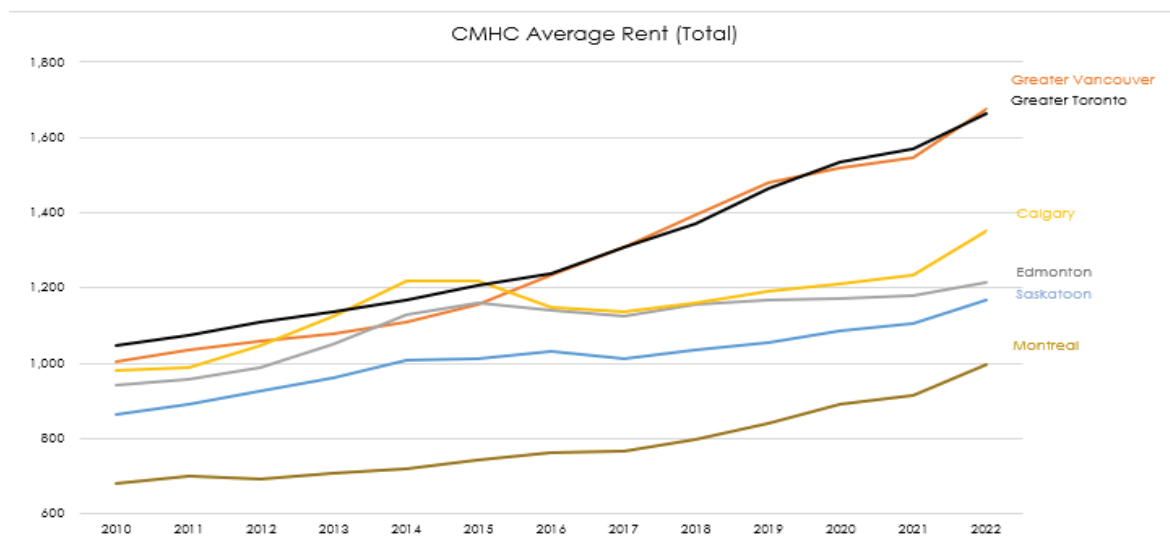
Greater Vancouver = 98.7%

Saskatoon = 94.9%

Greater Toronto = 98.1%

Montreal = 97.2%

CMHC Rental Market Survey History of Average Rent



Key Message:

Rent-controlled markets have the highest rents, reducing choice and optionality for renters.

In areas with rent control, CMHC's average rent does not represent current price to rent an apartment.

Ex: Cost of finding an apartment to rent in Vancouver is around \$3707/month, per rentals.ca (Oct 2022), not \$1675/per CMHC (Oct 2022)

Current CMHC Average Rent:

Edmonton = \$1,215

Calgary = \$1,351

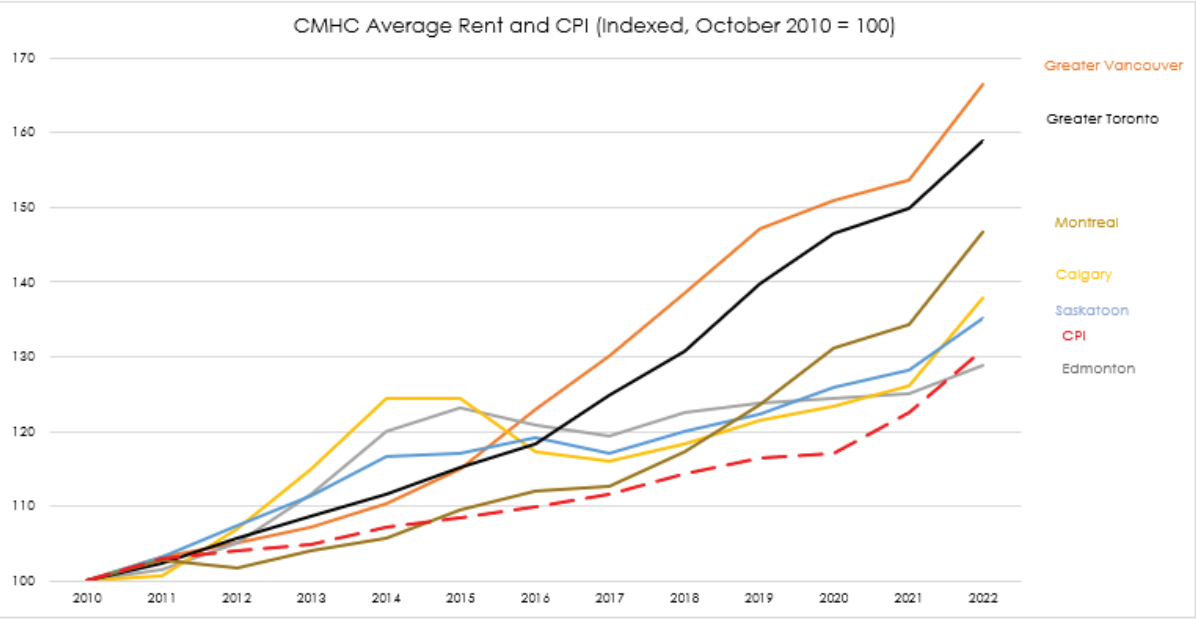
Greater Vancouver = \$1,675

Saskatoon = \$1,167

Greater Toronto = \$1,665

Montreal = \$998

CMHC Average Rent Relative to Consumer Pricing Index (CPI)



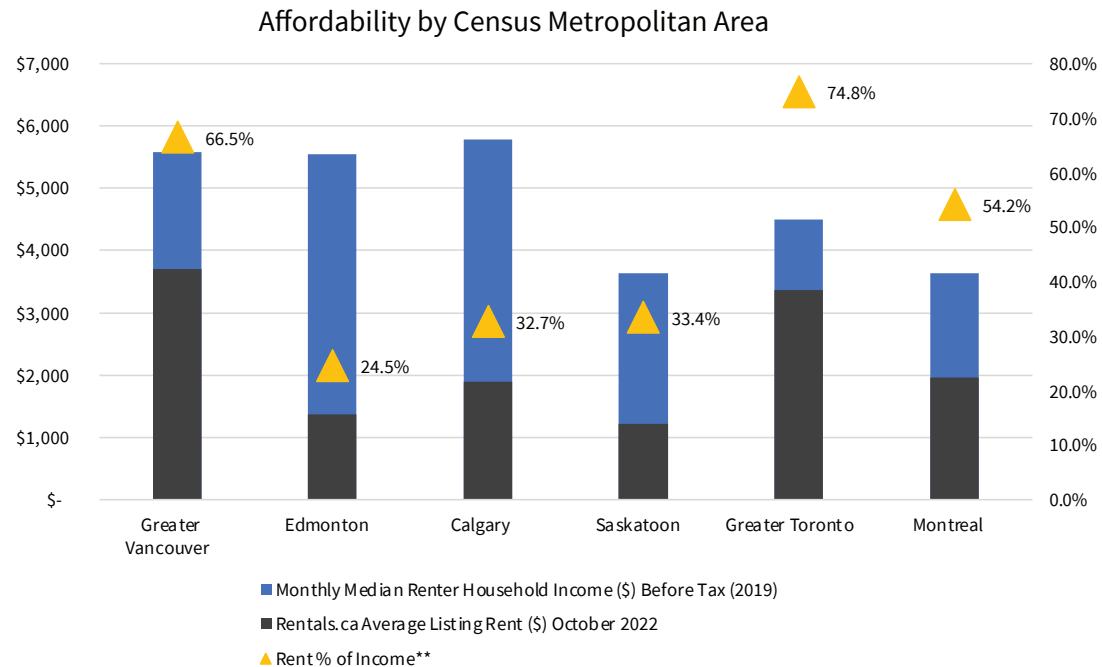
Key Message:

Average rent pricing in rent-controlled markets have outpaced CPI (inflation).

Ex: Vancouver average rent has grown by ~65% and CPI has grown by 30% over 12 years.

Sources: CMHC 2021 Rental Market Survey, Statistics Canada Table 18-10-0004-01

Affordability Relative to Market Rent



Key Message:

Residents in rent controlled markets spend significantly more of their income on rental housing.

CMHC defines affordable rent as 30% of the 2019 median renter household income before tax.

Renter households in Vancouver, Toronto, and Montreal are paying significantly more than 30% of pre-tax income on rent.

Sources: Rentals.ca October 2022 rent report, Canadian Income Survey 2012-2019 adapted by CMHC
 ** Comparing 2019 median renter household incomes to 2022 Average listing rents skews the Rent % of Income upwards. 2019 is the most recent renter household specific income data.



Solutions for Keeping Housing Affordable



Solutions for Keeping Housing Affordable



**Market Pricing on
Rental Apartments**



Limit Taxation



Capital Grants



Rent Supplements

Market Pricing on Rental Apartments

Non-rent controlled market = better outcomes in both construction and rental affordability

Price controls = supply destruction + housing shortages + discourages new development

Market solutions = increased competition + choice + supply

Increased competition, demonstrated by Calgary & Edmonton's out-sized construction

Taxation Policy

01 Increasing the CCA Allowance (1950-1980) to incentivize building rental housing

Property tax mill-rate equity between single family and multi-residential to incentivize building rental housing.

02 Edmonton municipality has recently approved and adopted property tax mill-rate equity to encourage more affordable rental housing development.

03 Example of property tax exemption programs: Regina Housing Incentives Policy. Market rental that received building permits between 2015 and 2017 received a property tax exemption. Number of rental units constructed/completed in Regina hit a 30-year high in 2018



Capital Grants

01 Capital grants were successfully implemented in Alberta in 2010 to help lower the cost of building affordable housing
Example: Calgary buildings pictured above (kaleidoscope, Victoria Gardens, Spruce Ridge Gardens):

02 Commitment to keeping rent affordable for 20 or 30 years with no option to buy out of the commitment.

03 Support opportunities for not-for-profits to buy and operate affordable housing.

- Able to secure volume of affordable units when buying older, existing, stock when compared to building new.
- Not-for-profits able to acquire affordable housing for below replacement cost.

04 Government as a partner in maintaining and building upon supply of affordable housing.

Rent Supplements

Although on an aggregate basis, renting in Alberta is generally affordable, having a social safety net for families with lower incomes helps alleviate homelessness.

Allows for immediate support to those most in need.

Lowers financial barrier of entry, increases choices and competition for renters.

Appendices



Links and Further Resources

CMHC Definition of Affordability:

<https://www.cmhc-schl.gc.ca/en/professionals/industry-innovation-and-leadership/industry-expertise/affordable-housing/about-affordable-housing/affordable-housing-in-canada>

Canadian Rental Housing Providers for Affordable Housing:

<https://foraffordable.ca/>

REALPAC Pathways to Better and More Housing

<https://realpac.ca/morehousing/>

Alberta Affordable Housing Review Panel and Report

<https://www.alberta.ca/affordable-housing-review-panel.aspx>

CMHC Rental Market and Construction Data Portal:

<https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Rental>

Regina Property Tax Incentive for Rental:

<https://www.regina.ca/export/sites/Regina.ca/home-property/housing/.galleries/pdfs/Housing-Incentives-Policy.pdf>



Existing Housing Stock and Rental Universe

Toronto and Montreal are the largest housing markets in terms of total households (private dwellings) and rental universe. Montreal and Edmonton have the highest proportion of rental housing.

Vancouver, Toronto, and Montreal are subject to varying degrees of rent control.

Edmonton, Calgary, and Saskatoon do not have rent control.

Construction data analyzed are either scaled by the number of private dwellings (number of households) or the rental universe (number of rental apartments).

Scaling construction by existing supply controls for differences in city size and ensures the comparison is apples-to-apples

	Private Dwellings (CMA) 2021 Census	Rental Universe 2021 CMHC RMS	Rental % of Total Housing
Vancouver	1,104,532	117,168	10.6%
Edmonton	589,554	84,621	14.4%
Calgary	594,513	49,037	8.2%
Saskatoon	134,720	16,123	12.0%
Toronto	2,394,205	327,970	13.7%
Montreal	1,929,263	614,097	31.8%

Sources: 2021 Census, CMHC 2021 Rental Market Survey
Per CMHC, data excludes any rental units provided in secondary rental market