



**ACORN**  
CANADA

*The State of Affordable Housing in Ottawa*

# AFFORDABLE FOR WHO?

AUGUST 2018



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## Key Definitions

**Average market rent (AMR):** The average rents for private market rents, as reported annually by CMHC.

**Area Median Income (AMI):** The household income for the middle household in a selected region.

**CMHC:** Canadian Mortgage and Housing Corporation

**Core housing need:** Households living in housing which does not meet standards for adequacy, affordability or suitability, and where rental costs for alternative acceptable housing would equal 30 per cent of household income, or more.

**Low-income:** For the purposes of this report, a household in the bottom 30 per cent of households based on income is classed as low-income (i.e. household income of less than \$56,555). This is based on the City's target of 25% of all new rental housing to be affordable to households up to the 30th income percentile. However, ACORN members recommend that the City ensures development is targeted based on need, so that enough housing is created for both low and extremely low-income households. This report considers extremely low-income households as those in the bottom 10 per cent of households based on income (household income of \$23,392 or less).

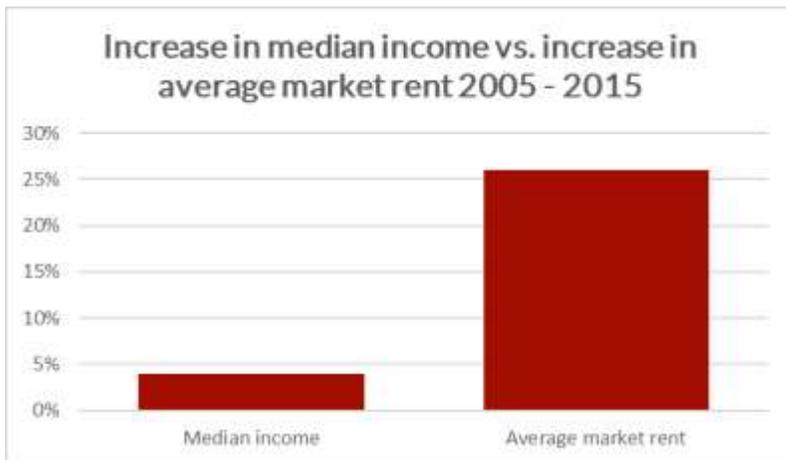
## Introduction

As rents skyrocket and vacancy rates plummet, low and moderate income tenants are facing an affordability crisis that is pricing them out of their communities. As the City stands by, corporate developers are displacing families through gentrification and mass eviction. Some of Ottawa's most affordable market rental units are being lost, as whole communities are being demolished to make way for luxury rentals. This report looks at the state of affordable housing in Ottawa and asks, "Why is the City of Ottawa not doing more to protect low-income tenants?"

## Ottawa's Private Rental Market



Based on CMHC Housing Market Information Portal

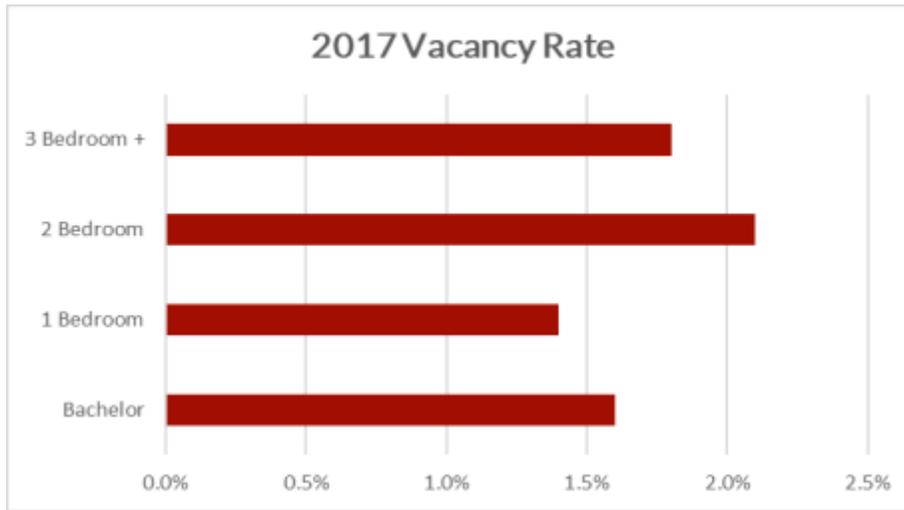


Based on CMHC Housing Market Information Portal and Statistics Canada 2016 Census data

Market rents have skyrocketed by around **one third** in the last decade. **During this term of council alone, rents have risen by 9 per cent.** For low-income renters, affordable options are disappearing; rents have increased most sharply for bachelor and one bedroom apartments - often the cheapest options available to renters who are struggling to make ends meet.

Tenants cannot keep up with rising rents. **From 2005 - 2015, market rents rose by 26 per cent, while area median income (AMI) increased by 4 per cent.** The city is becoming increasingly unaffordable for low-wage workers. Although average market rents are unaffordable for many low and moderate income renters, some sources indicate that actual rents could be much higher, and therefore the situation could be even worse for renters than the picture painted by CMHC. Rent

trends reported by Padmapper are approximately 22 per cent higher than the market rents reported by CMHC<sup>1</sup>.

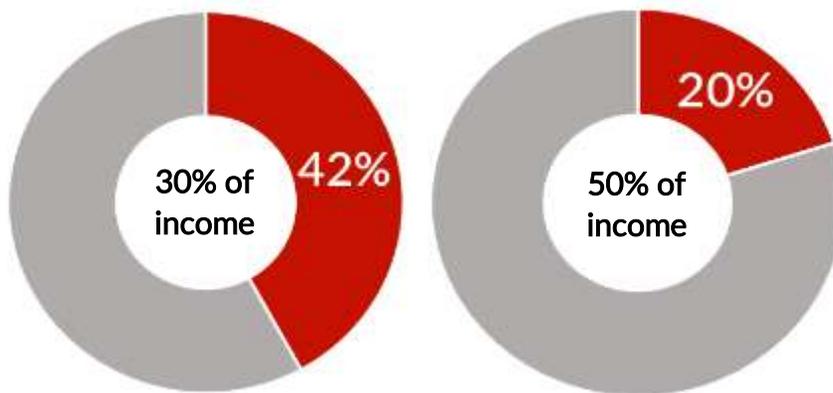


Based on CMHC Housing Market Information Portal

Meanwhile, bachelor and one bedroom units also have the lowest vacancy rates of all unit types; **1.6 per cent** and **1.4 per cent** respectively. The most recent data available from CMHC indicates that the city's overall vacancy rate is currently at a low not seen since 2011. The rental market is tightening as more people are being forced

to rent rather than own due to high housing costs, while the city's population is growing and more young people are moving to city. People aged 25-44 are now more likely to remain renting for longer, compared with previous years.

### Core Housing Need



Based on Census 2016 data

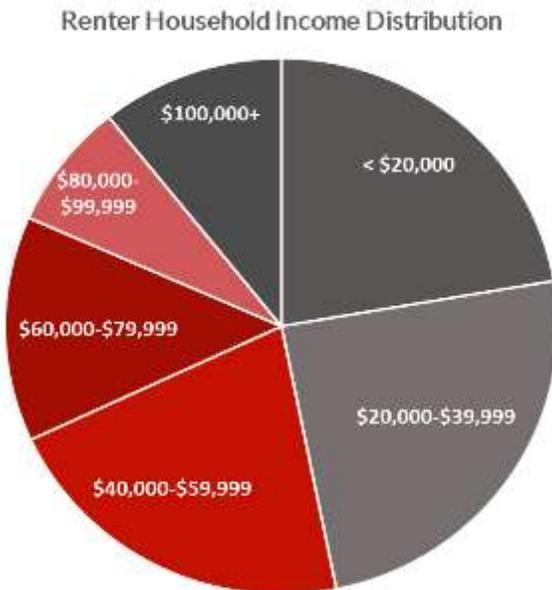
CMHC measures the number of households experiencing housing issues using core housing need. Statistics Canada reports that core housing need is **11.9 per cent** in Ottawa-Gatineau, up from 10.6 per cent in 2011. Core housing need in Ottawa is less than the provincial rate of 15.3 per cent. Despite this, Ottawa tenants are struggling and

many renter households are spending more than one third of their income on shelter costs. **42 per cent of renters spend more than 30% of their income on rent and utilities, while 20 percent of renters spend more than half of their income on rent and utilities.** High rental

<sup>1</sup> Based on Ottawa average market rent 2017 as reported by [CMHC Housing Market Information Portal](#) compared with [Padmapper Ottawa Rent Trends for August 2018](#)

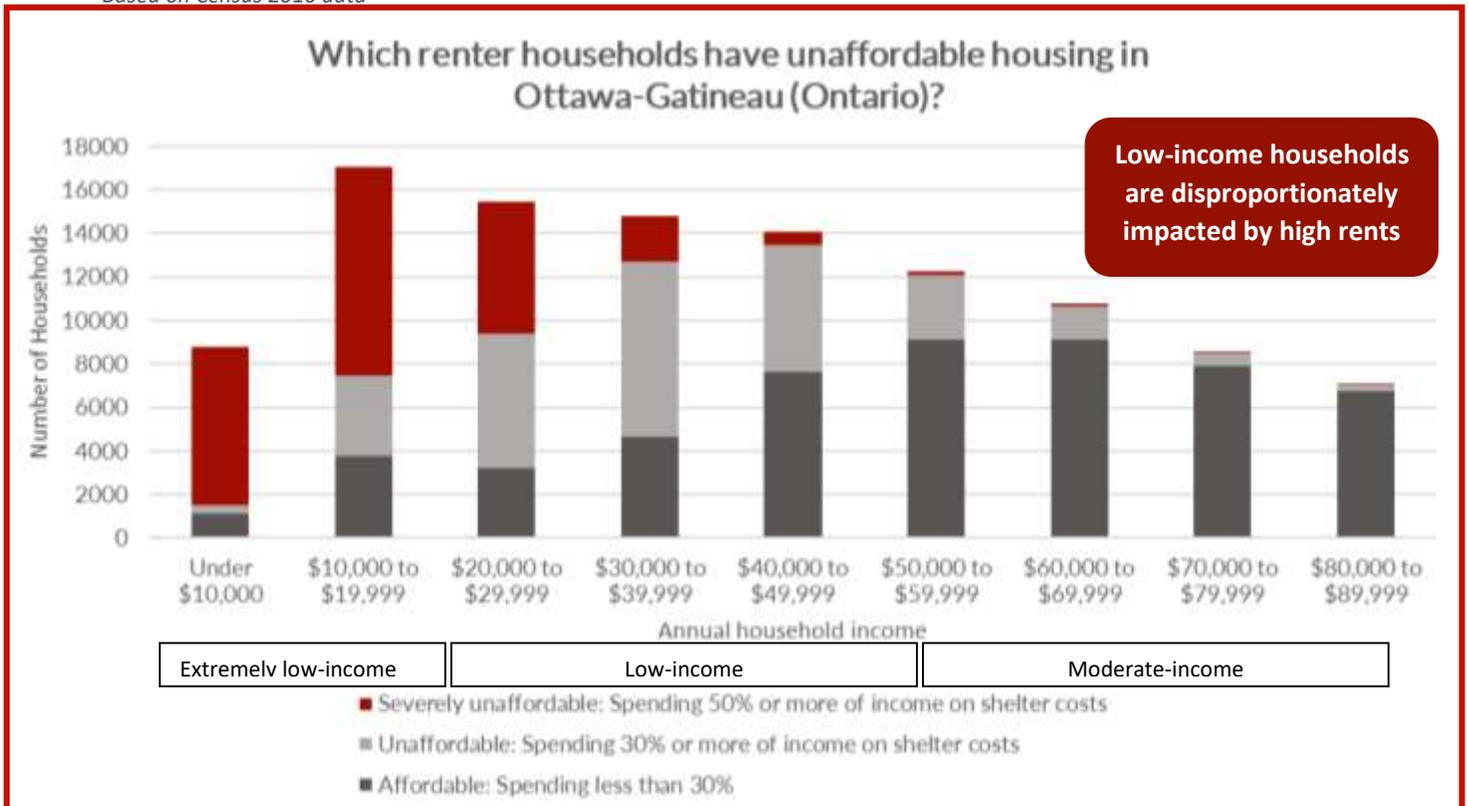
costs mean that low and moderate income tenants have less income to spend on other items, such as **food, clothing, medication** and other **basic necessities**.

## Unaffordable Housing by Household Income



Approximately 115,175 people in Ottawa are low-income, and **over 80,000 households have an annual income of less than \$59,999**. With so many households living on a low-to-moderate income, rising rental costs make these renters particularly vulnerable to precarious housing, or even homelessness. Extremely low and low-income households experience housing affordability issues most acutely. **83 per cent of households earning less than \$10,000 live in severely unaffordable housing, spending more than half their income on rent, compared to 0.2 per cent of renter households earning over \$60,000**. It is clear there is an affordability crisis facing low-income renters.

Based on Census 2016 data



Based on Census 2016 data

## How Does the City Define Affordable Housing?

In Canada, the definition of affordable housing varies by jurisdiction:

### *Federal*

Federally, CMHC defines affordable housing as shelter costs that equate to less than 30 per cent of a household's pre-tax income.

### *Provincial*

The Province of Ontario defines affordable housing as the least expensive of: 1) a unit for which the rent does not exceed 30 per cent of gross annual household income for low and moderate income households; or 2) a unit for which the rent is at or below the average market rent of a unit in the regional market area.

### *Municipal*

The City of Ottawa defines affordable housing as:

Housing, which a low or moderate income household pays no more than 30% of its gross annual income. Income levels and target rents and prices will be determined by the City on an annual basis. The City will encourage the production of affordable housing in new residential development and redevelopment to meet an annual target of:

1. 25% of all new rental housing is to be affordable to households up to the 30th income percentile; and
2. 25% of all new ownership housing is to be affordable to households up to the 40th income percentile.

Basing the definition of affordable housing on income means that rents are based on ability to pay, rather than dictated by the market. ACORN members feel strongly that this is a good approach to defining affordable housing. In 2017, the 30<sup>th</sup> income percentile was **\$56,555**. Although ACORN members support development of affordable rental units for this group, the City must ensure the units are being targeted where the need is. For example, ensure that a portion of affordable units are going to extremely low and low income earners, where need is highest. In addition, the City is failing to build affordable housing at the required rate. As of 2017, there were **10,597 people on the centralized wait list for social housing**. There is an affordable housing crisis and Ottawa tenants being forced to rely on a hostile private rental market that fails to meet their needs.

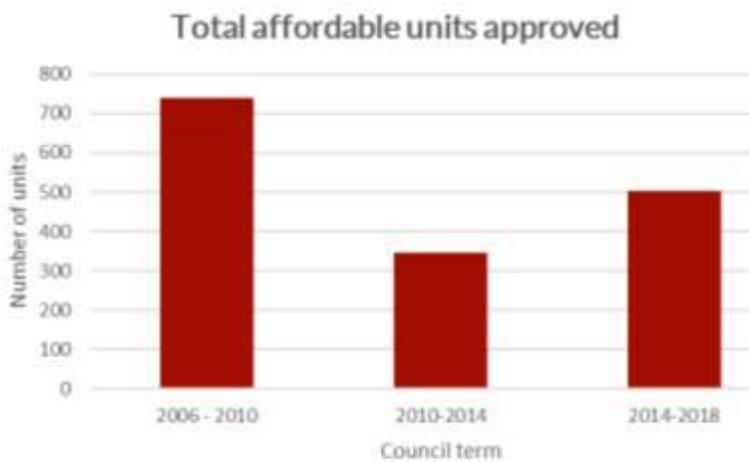
## Affordable Rental Development

Funding Year	Ward	Affordable rental units approved
2015	3 - Barrhaven	41
2015	7 - Bay	6
2015	16 - River	42
2015	15 - Kitchissippi	36
2016	16 - River	16
2016	14 - Somerset	58
2016	16 -River	39
2016	15 - Kitchissippi	42
2016	19 - Cumberland	15
2017	14- Somerset	158
2017	13 - Rideau-Rockcliffe	42
2017	City Wide (TBD)	8

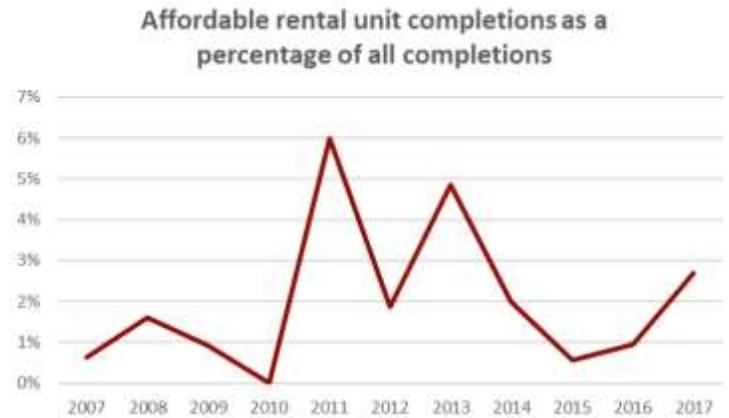
In the current term of council, a total of **503 affordable units** – at 30 per cent of the renter’s income - have been approved. This is an increase from 345 units in the previous term of council, but falls short of the 739 units that were approved between 2006 – 2010.

*Based on City of Ottawa, Affordable Housing Unit data*

Since 1999, a total of 1,760 affordable rental units have been completed. Compared with 8,000 market rental units completed in the same time period, and 87,456 ownership units, it is clear that low and moderate income renters are at a disadvantage. CMHC has reported that Ottawa rental demand grew at the low end of the market by approximately 3 per cent from 2016 - 2017, compared with less than 2 per cent growth at the high end of the market. The City urgently needs build more affordable housing to respond to this need.



*Based on City of Ottawa, Affordable Housing Unit data*



*Based on City of Ottawa, Affordable Housing Unit and CMHC Housing Information Portal data*

All affordable rental units completed since 1999, by ward\*

3 - Barrhaven	208
4 - Kanata North	83
5 - West Carleton-March	0
6 - Stittsville	0
7 - Bay	30
8 - College	62
9 - Knoxdale-Merivale	71
10 - Gloucester-Southgate	63
11 - Beacon Hill-Cyrville	75
12 - Rideau-Vanier	119
13 - Rideau-Rockcliffe	173
14 - Somerset	539
15 - Kitchissippi	74
16 - River	88
17 - Capital	0
18 - Alta Vista	57
19 - Cumberland	0
20 - Osgoode	0
21 - Rideau-Goulbourn	16
22 - Gloucester-South Nep...	0
23 - Kanata South	0

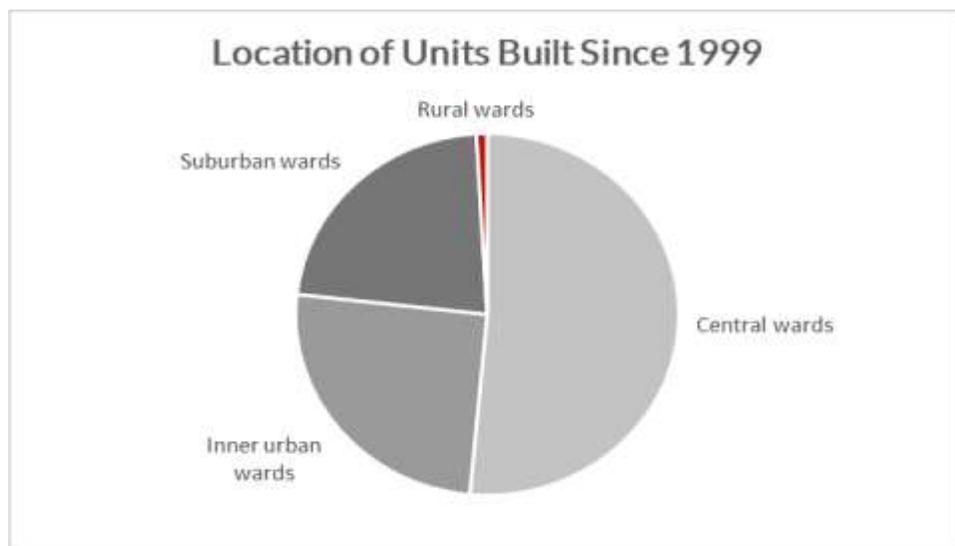
Based on City of Ottawa, Community and Social Services Department, Housing Services Branch data

In the last decade, the level of **affordable rental development** compared with **overall development** has fluctuated, but is currently around **half the level that was seen 2010**.

Development is failing to meet the need of low and moderate income tenants, while rents are rising and vacancy rates are dropping. **Urgent action is needed to address this affordability crisis: in the past ten years, less than 3 per cent of all developments were affordable rental units.**

Development has primarily been concentrated in **central and inner urban wards**, with only 1 per cent of affordable units located in **rural wards** and 22 per cent in **suburban wards** (see breakdown in Appendix 1). Around one third of the City's affordable development has occurred in Ward 14. In the current term of council, **67 per cent** of approved affordable rental units have been located in central wards, **20 per cent** in inner urban wards, **8 per cent** in suburban wards and **3 per cent** in rural wards. Affordable development has mainly focused on wards with a higher concentration of low-income earners. Although development in central and inner urban wards provides access to transit and employment opportunities, there is a risk that suburban and rural wards will be less diverse and less affordable for those who live there as a result.

*\*Includes units built under a range of incentives and investment programs, including the City of Ottawa's Action Ottawa. Excludes shelters/transitional housing built under homelessness initiatives.*



Based on City of Ottawa, Community and Social Services Department, Housing Services Branch data

## Case Study: Ottawa ACORN leader Margaret Alluker



Margaret lives in Heron Gate with her four children and dog. She has lived in the community since 2012, but moved to her current unit in 2015. Rent is unaffordable at \$1,300, but she has been unable to find cheaper accommodation that meets her family's needs and has been on the social housing waitlist for six years. Margaret

moved from her previous building because of problems with cockroaches and problems with the water supply. At the time, she struggled to find housing because rents were so expensive, but she was determined to find somewhere safe for her kids to call home. Although her current housing isn't perfect, and often needs repairs, she's happy living in the community that she has built with her neighbours over the past few years.

In 2015, Margaret joined ACORN because local community members were being evicted in the winter and during school time. She helped fight against these unfair evictions and win a number of concessions for tenants. However, earlier this year Margaret learned there was a plan to evict her building. In May, Margaret and her neighbours were told that 150 households were being evicted and were to be vacated by September 30<sup>th</sup>. These low-end market rentals are being demolished to make way for luxury units; the landlord, Timbercreek, has no plans to replace the affordable housing that will be lost in the process.

Margaret doesn't want to leave her community, and her children are worried about what this means for them. Her daughter has been crying about leaving neighbourhood friends. Margaret attends school herself and has found that her schoolwork has been affected by the stress of the situation. She has tried to look for alternative housing, but cannot find anything within her budget. Since she found out about the eviction, Margaret has been calling the Social Housing Registry constantly, but has been told she needs to keep waiting for housing. She has heard that many people wait for around ten years for social housing, so she isn't hopeful.

What options do renters like Margaret have? The City isn't meeting their needs with affordable housing, and the private rental market is way out of reach. Corporate landlords and developers are failing to value community and are pushing low and moderate income renters out of the city.

**Without action, the City is at risk of destroying the diverse neighbourhoods that make Ottawa home for many.**

## What's Affordable?

Private rental options fail to meet the needs of low and moderate income community members. For households earning less than \$20,000, market rents exceed twice the affordable amount, while households would need to earn almost \$50,000 to afford a 2-bedroom unit at market rates.

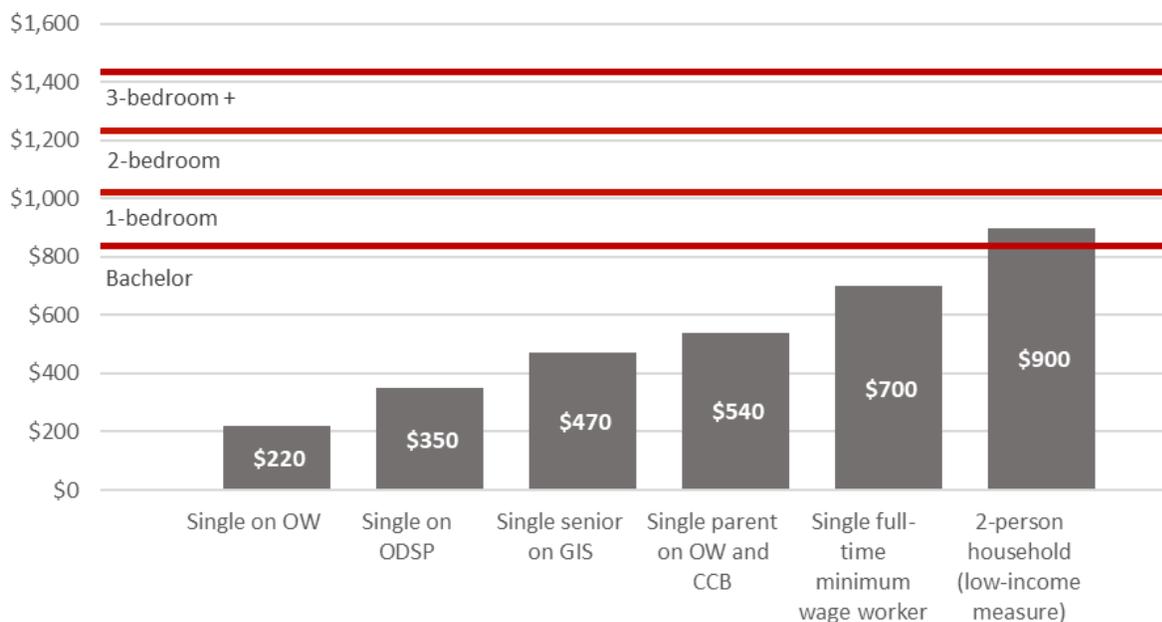
### Why we need more affordable housing:

Income	Affordable rent	Affordable rent as a % of average market rent (1-bdrm)	Affordable rent as a % of average market rent (2-bdrm)
\$0 to \$20,000	\$0 to \$500	0-49%	0-41%
\$20,000 to \$39,999	\$500 to \$999.99	49-98%	41-81%
\$40,000 to \$59,999	\$999.99 to \$1499.99	98-147%	81-122%

Based on CMHC Housing Market Information Portal: One-bedroom AMR \$1,022 and two-bedroom AMR \$1,231

What is actually affordable for low-income tenants is far below the rates dictated by the private market. The chart below indicates what is affordable for different individuals and families, based on 30 per cent of income. A minimum wage worker, or person receiving Ontario Works (OW), Ontario Disability Support Program (ODSP), or the Guaranteed Income Supplement (GIS) cannot afford any type of market rent. The only type of market rental affordable to a couple below the low-income measure is a bachelor apartment, unsuitable for housing two people. With thousands of people on the waitlist for affordable housing and market rents out of reach, it is clear that the city needs to act urgently to increase the supply of affordable housing.

## What's affordable?



Based on CMHC Housing Market Information Portal

## Ottawa ACORN Demands

### Short term:

- 🏠 Stop Heron Gate evictions or delay them by one year to re-engage the community on the future of their neighbourhood;
- 🏠 Complete repairs while tenants still live in the neighbourhood.

### Long term:

- 🏠 Use Inclusionary Zoning powers to obtain long term, deeply affordable housing from all new developments;
- 🏠 Ensure one-for-one replacement of rental units of a similar size, with right of first refusal for existing tenants to move back into the new building at no more than the existing rent plus the annual allowable rent increase guideline;
- 🏠 Improve enforcement mechanisms to increase tenant protections. Landlord licensing, similar to Toronto's RentSafeTO program, would allow the City to hold negligent landlords to account. A licensing program which includes a landlord registry, yearly inspections, increased enforcement and better standards of maintenance would ensure repairs are completed in a timely manner;
- 🏠 Ensure that all available government-owned land within 1km of current and future rapid transit stations are used for non-profit and co-op housing;
- 🏠 Create a 2019-2022 Term of-Council Priority that integrates transit and planning, with clear, affordable housing targets;
- 🏠 Commit at least \$12 million/year of City funding, over and above federal and provincial grants, to build new affordable housing.

### What is ACORN?

ACORN Canada (Association of Community Organizations for Reform Now, Canada) is an independent national organization of low- and moderate-income families. Founded in 2004, we have rapidly grown into one of the country's most effective voices for low and moderate income Canadians, with over 113,000 members in Canada. Our central purpose is to effectively represent and champion the interests of Canada's low and moderate income urban citizens on the critical issues of social and economic justice.

For more information, contact Ottawa ACORN:

[ottawa@acorncanada.org](mailto:ottawa@acorncanada.org)

613-746-5999 ext. 3

## Appendix 1: Affordable Development by Ward

Ward		Units Built Since 1999*	
Number	Name	Total Units	% of Total
12	Rideau-Vanier	119	7%
13	Rideau-Rockcliffe	173	10%
14	Somerset	539	31%
15	Kitchissippi	74	4%
17	Capital	0	0%
<b>TOTAL - CENTRAL</b>		<b>905</b>	<b>51%</b>
7	Bay	30	2%
8	College	62	4%
9	Knoxdale-Merivale	71	4%
10	Gloucester-Southgate	63	4%
11	Beacon Hill-Cyrville	75	4%
16	River	88	5%
18	Alta Vista	57	3%
<b>TOTAL - INNER URBAN</b>		<b>446</b>	<b>25%</b>
1	Orléans	102	6%
2	Innes	0	0%
3	Barrhaven	208	12%
4	Kanata North	83	5%
6	Stittsville	0	0%
22	Gloucester-South Nepean	0	0%
23	Kanata South	0	0%
<b>TOTAL - SUBURBAN</b>		<b>393</b>	<b>22%</b>
5	West Carleton-March	0	0%
19	Cumberland	0	0%
20	Osgoode	0	0%
21	Rideau-Goulbourn	16	1%
<b>TOTAL - RURAL</b>		<b>16</b>	<b>1%</b>
Total Units		1760	100%

*Source: City of Ottawa, Community and Social Services Department, Housing Services Branch*

Includes units built since 1999 under a range of incentives and investment programs, including the City of Ottawa's *Action Ottawa*. Excludes shelters/transitional housing built under homelessness initiatives since 1999. Data includes completions up to August 2018.