

Filling the holes in the bucket: Ottawa loss of affordable housing

Steve Pomeroy Industry Professor, McMaster University Canadian Housing Evidence Collaborative (CHEC)

Issue: the ongoing erosion of existing lower rent units in Ottawa is undermining efforts to add affordable supply and to address a growing waiting list for housing assistance. For every new affordable unit added between 2011 and 2021 there was a loss of 31 units from the existing stock. Over time, despite investments in affordable supply, the number of low-income renter households facing severe rent cost burdens is increasing.

Potential response: Alongside continuing investments to build more affordable homes, complementary measures should include:

- Expanding rental assistance to help households manage higher shelter costs;
- Assistance to non-profit housing providers to purchase existing assets from private investors and convert these to non-profit where low-moderate rents can be preserved.
- Implementing a rental replacement bylaw to protect and/or replace existing older stock which is vulnerable as the City seeks to manage growth through intensification and redevelopment (especially along LRT corridors).
- Advocating for reform to provincial rent regulations that enable vacancy decontrol could also help.

Background

Research undertaken through McMaster University Canadian Housing Evidence Collaborative (CHEC) has monitored change in the number of lower rent and thus more affordable units at a national scale as well as across Canadian cities. That analysis compared the reduction in the number of low-modest rent units to the number of new affordable units being added under various affordable housing programs – in Ottawa under Action Ottawa initiatives.

The analysis focused on two benchmarks:

- The number of units in the non-subsidized rental market with rents below \$750 per month. This monthly rent equates to roughly 30% of minimum wage; and
- The number of units in the non-subsidized rental market with rents below \$1,000 per month. This band was added because over time there were fewer units left below \$750, and the issue of erosion has moved to this next band, especially in higher cost markets like Ottawa. These units still serve a low-moderate income population and equate to an income of under \$40,000.

The term erosion refers to a decline in the number of lower rent units. This occurs both in absolute terms as existing low rent properties are demolished to make way for increased density (usually condo and high rent units); and in relative terms, where the unit still exists but rents have risen above these more affordable levels – a process enabled by vacancy decontrol.

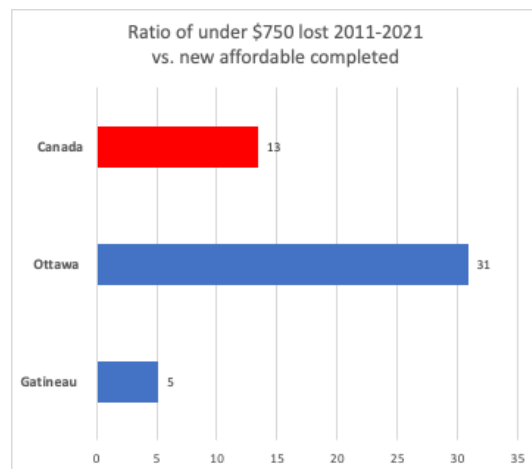
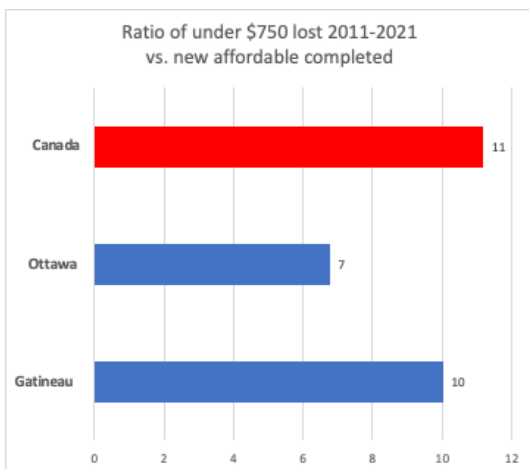
Looking at data for both Ottawa and Gatineau reveals a substantial loss on both sides of the river, but especially in Ottawa, where the rental stock is larger and at higher rents. The Gatineau data also help to explain the gradual nature of this erosion. As units move above the \$750 level, they initially augment the next band, so we see growth in units renting \$750-\$1,000. However, as rents continue to move up the erosions is evident even in the \$750 to \$1,000 band – in Ottawa



there is no similar gain for \$750-1000. Together over the decade 2011-21 Ottawa had a total loss of 30,215 private rental units with rents below \$1,000. And Gatineau lost almost 4,000.

Meanwhile, under various federal-provincial funded initiatives, together with additional City contributions Action Ottawa completed only 849 new affordable units.

The earlier assessment only compared this to loss under \$750 and found a more modest loss of only 7 units for each new one added. But this was influenced by the fact that after 2016, there were much fewer units below \$750 to lose. So, the updated analysis adopted the higher threshold of \$1,000. At this updated benchmark for every new affordable unit created, 31 existing units were lost.



This analysis suggests that it is critically important to develop a more comprehensive set of policy responses to manage the housing affordability challenge. Addressing supply alone, will not be sufficient to address the issue of erosion.