

Vital Signs[®]

AFFORDABLE HOUSING FALL 2023



**HAMILTON
COMMUNITY
FOUNDATION**

SPECIAL EDITION

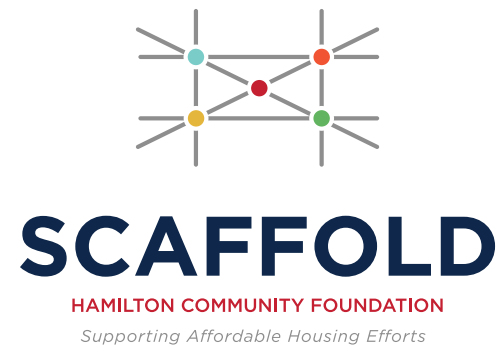
Land acknowledgment

The City of Hamilton is situated upon the traditional territories of the Erie, Neutral, Huron-Wendat, Haudenosaunee and Mississaugas. This land is covered by the Dish With One Spoon Wampum Belt Covenant, which was an agreement between the Haudenosaunee and Anishinaabek to share and care for the resources around the Great Lakes. We further acknowledge that this land is covered by the Between the Lakes Purchase, 1792, between the Crown and the Mississaugas of the Credit First Nation.

Today, the City of Hamilton is home to many Indigenous people from across Turtle Island (North America) and we recognize that we must do more to learn about the rich history of this land so that we can better understand our roles as residents, neighbours, partners and caretakers.

SCAFFOLD: Supporting Affordable Housing Efforts

Just as there is no one person, sector, organization, or level of government that can solve the current crisis in affordable housing, there is also no single solution to this systemic problem. That is why HCF supports initiatives across the housing continuum from supportive housing to affordable home ownership. Beyond granting, our work has included attracting additional funding, building coalitions, innovative financing, policy advocacy, supporting affordable housing property acquisition and preservation, and funding and sharing research.



This winter, the Foundation will release its comprehensive affordable housing strategy, a 10-year, \$50 million commitment that brings together our resources based on research, consultation, and the work of leading housing policy experts. We're calling this strategy SCAFFOLD: Supporting Affordable Housing Efforts, because just as scaffolding delivers the right support at the right time in a construction project, SCAFFOLD will guide HCF's decisions on where our philanthropic capital will have the most impact and the best roles we can play.

We invite you to learn more about SCAFFOLD as it takes shape over the next months, and to visit www.HamiltonCommunityFoundation.ca/SCAFFOLD for more information on our support to affordable housing.

About this report

Hamilton's affordable housing shortage is a pervasive issue that weighs heavily on our whole community, and for some is a crushing reality. From availability and need, to social assistance rates and rent increases, this new Vital Signs report weaves together multiple data threads into "research you can read," providing a comprehensive and unflinching picture of a crisis that continues to unfold. Clearly, the underlying issues are systemic, and addressing them calls for collective action from all levels of government, the health-care, education, private and philanthropic sectors. We hope, as individuals, you read this report and raise your voices to advocate for housing as a human right — for all Hamiltonians.

About Hamilton Vital Signs

Hamilton's Vital Signs curates data from key areas of community life into "research you can read." Its goal is to provide insights into trends that matter to all of us, and to inform individual and organizational decision-making. We encourage you to share this report and to visit HamiltonVitalSigns.ca, which includes links to the original research.

About Hamilton Community Foundation

We drive positive change in Hamilton by:

- Helping people give in a way that has meaning to them and impact in the community.
- Supporting all aspects of community life through grants and financing to a wide range of charitable organizations and initiatives.
- Bringing people together to address priority issues that affect Hamiltonians.

Learn more about HCF and how it is working toward a vibrant, diverse and inclusive Hamilton by visiting HamiltonCommunityFoundation.ca

Overview: what the findings show

- Construction of new housing for ownership and purpose-built rental is increasing, with most of the new units at the more expensive end of the housing spectrum.
- Average house prices have slowed their dramatic rise, but rents have continued to climb.
- Existing affordable rental housing is eroding: Hamilton has lost 23 affordable private rental units for every one affordable unit it has built over the past decade.
- For the first time in decades, the number of households experiencing core housing need¹ decreased in 2021 due to the pandemic emergency income benefits. Renters are more than five times as likely as owners to experience this need, largely because their incomes are lower.
- The gap between the shelter components of social assistance programs and average rents has grown significantly. Units that are currently available to rent are three-to-four times the shelter maximum allowance.
- The number of people experiencing homelessness has continued to rise. The top five barriers to finding housing have been identified as: high rent, low income, no social assistance, poor housing conditions, and discrimination.

A growing population

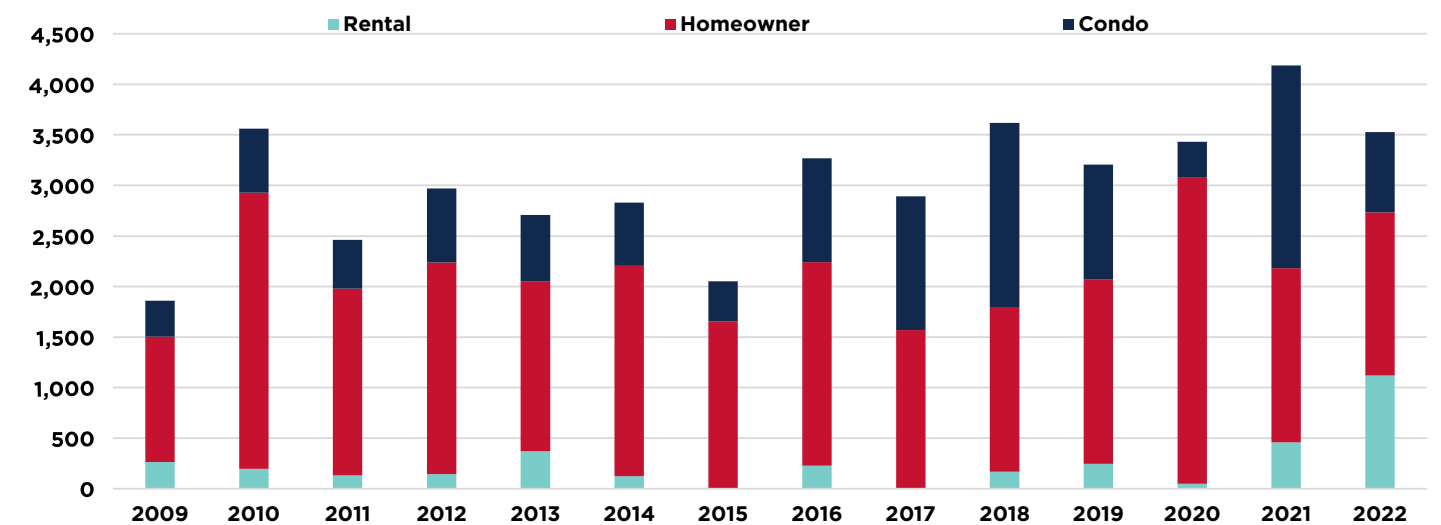
Population growth is a significant contributor to housing demand. Between 2007 and 2015, population growth averaged just over 6,000 people annually; between 2016 and 2020, this average more than doubled to over 14,000 per year. During the pandemic, growth virtually stopped, but rebounded in 2021, growing by approximately 15,000 people. As in many other communities, non-permanent residents (largely international students) and international migrants are significant contributors to this growth. Intra-provincial growth (from other areas in Ontario into Hamilton) has remained relatively consistent for the past decade.

¹ A household is in core housing need if one of three factors is met: their housing is unaffordable (more than 30% of their income), their housing is unsuitable (not enough bedrooms), or their housing is in poor/inadequate condition.

Annual housing starts

New housing construction² in the Hamilton CMA has increased gradually, trending steadily upward since its 2009 low point during the global financial crisis. At that time, approximately 1,850 units were started, two-thirds of which were owner-occupied single detached units. In 2021, over 4,000 units were started, with an even split of single detached units and apartments (which include both condominium and rental apartments). Purpose-built rental units saw a substantial increase in Hamilton in 2022, when over 1,100 apartments were started.

Housing starts Hamilton CMA by type



Completions of supportive and non-profit affordable housing

Supportive housing provides deeply affordable rents with onsite health and social supports to tenants, including people who have experienced homelessness. Since January 2021, Hamilton has completed 318 new units of permanent supportive housing. Of these units, 190 are for all genders, 88 are available to women, non-binary, or gender-diverse people, 15 for people with developmental disabilities, and 25 for Indigenous people. Non-profit affordable housing offers tenants rents that range from rent-geared-to-income (rent = 30% of household total income) to average market rents.³ Since January 2021, Hamilton has added 414 new non-profit affordable units, of which 266 were rent-geared-to-income units and 148 offer average market rents.

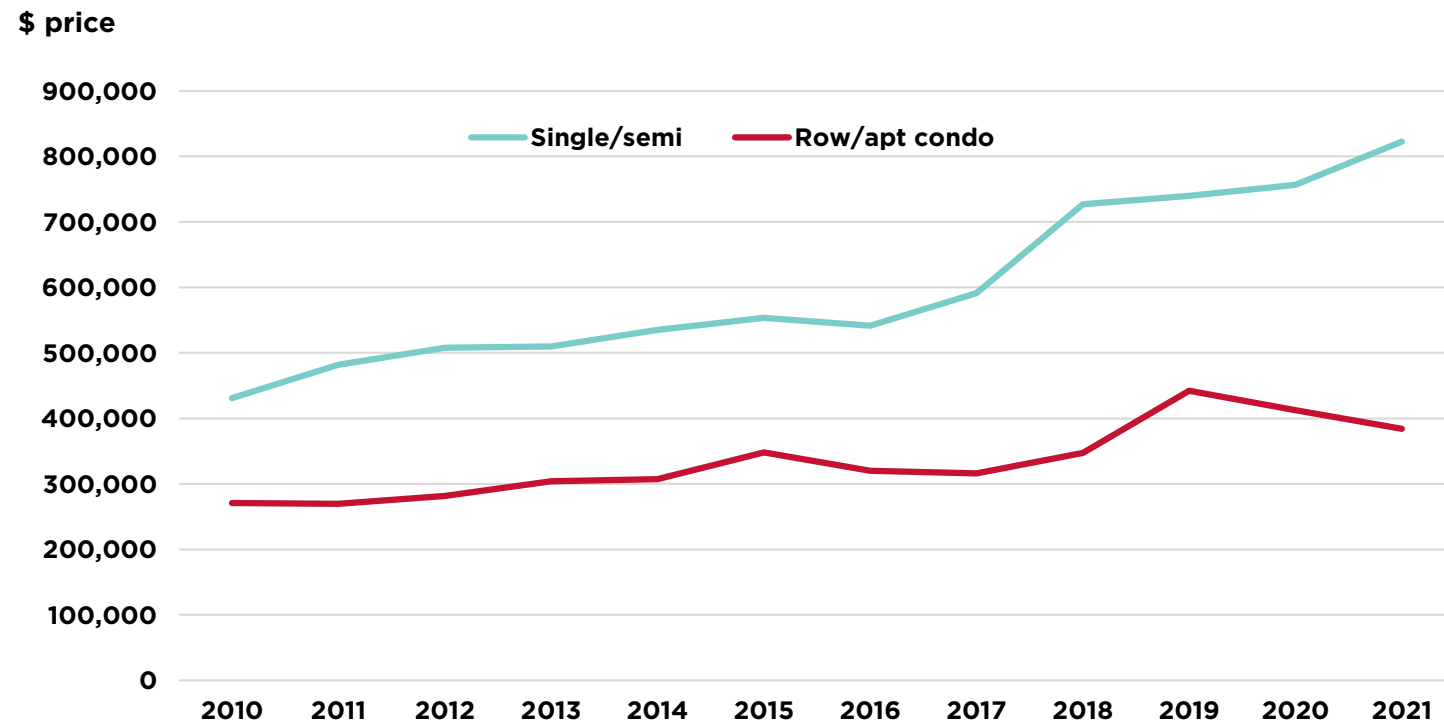
² Hamilton Census Metropolitan Area: includes Hamilton, Burlington, and Grimsby.

³ Average market rent is based on CMHC's survey of all existing rentals; this is much lower than the average of newly constructed rental apartments.

Affordability of newly constructed homes

While there has been a steady increase in new home construction, very little of this addresses the need from lower-income households. The chart below shows that average prices for newly completed single and semi-detached units increased 52% between 2016 and 2021. For row and condominium units, prices peaked near \$450,000 in 2019 before dropping off to just under \$400,000 in 2021.

Average absorbed⁴ price newly completed homes



Prices of existing detached homes

Hamilton’s average house price in June 2023 was \$831,540, down 3.6% from the June 2022 average of \$863,016, but still substantially above the winter 2020 pre-pandemic value of \$607,939. A slight decrease over the last year has been primarily due to higher lending rates and a decline in new listings. The most expensive Hamilton areas were Ancaster and Waterdown, each with average prices over \$1 million. The most affordable homes were in

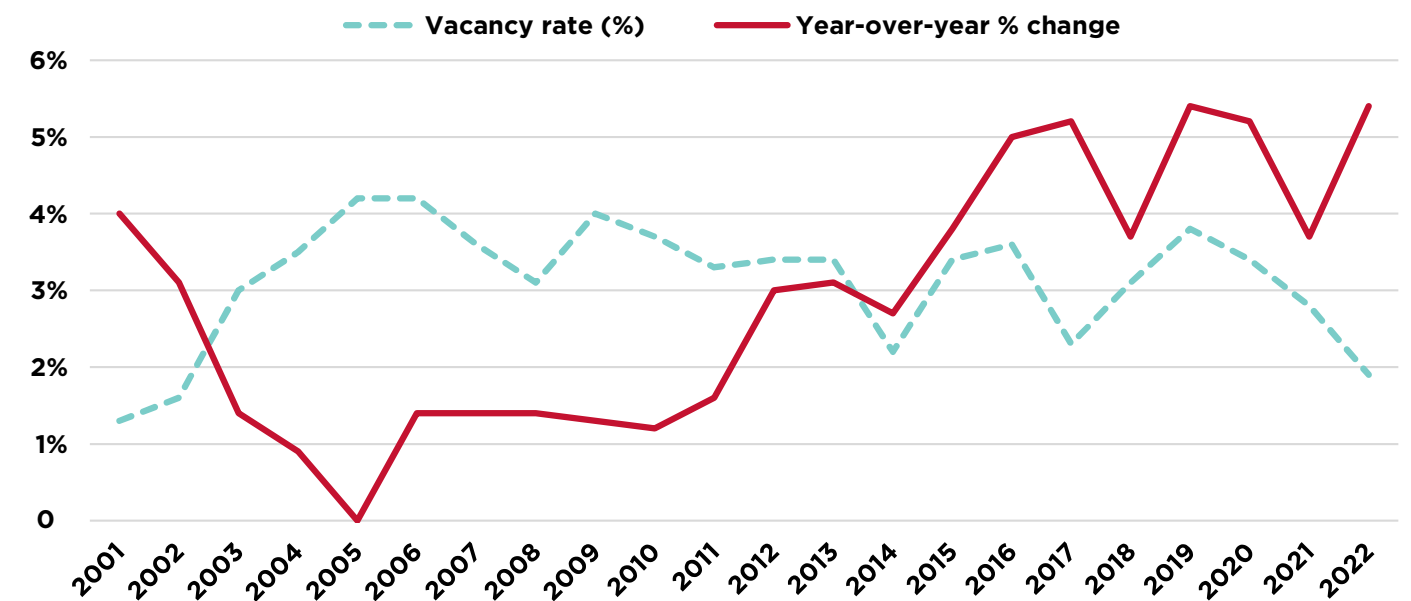
⁴ Recently completed and sold.

Hamilton Centre, where the average sale price was \$607,583, a decrease of 2.3% from the prior year. Flamborough saw the largest year-over-year decline in house prices, dropping more than 15%, from over \$1.4 million in June 2022 to \$1.2 million in June 2023.

Rental market

The average rent for all two-bedroom units (including both occupied and vacant units) in Hamilton rose to \$1,335 in October 2022, up 5% from \$1,271 in October 2021. Rents for vacant (available to rent) two-bedroom units in Hamilton jumped 12% between June 2022 and June 2023 to an average cost of \$2,298, and have increased over 40% from the pre-pandemic average of \$1,639 in March 2020. Over the past decade, Hamilton rents for all units have risen 55% — more than double the 22% cost-of-living increase. Rents have increased in all areas of the city and across all unit types, with Ancaster, Dundas and the city core being the most expensive.

Rental vacancy and year-over-year change in rents

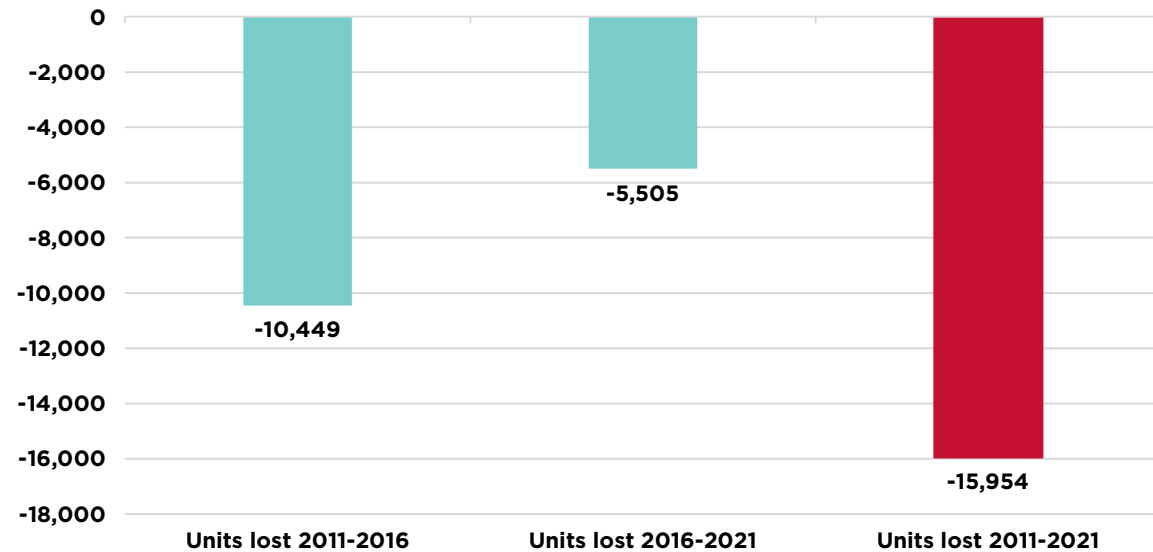


Canada Mortgage and Housing Corporation considers a rental market “healthy” when it has a vacancy rate of 3%. In 2022, Hamilton’s vacancy rate decreased to 1.9% overall (3.5% for two-bedroom units), the lowest rate since 2002. CMHC cites decreased home-buying by renters and increased student housing rentals as the main reason for this tightening.

Erosion of affordable rental housing stock

The number of affordable rental units in the private market is rapidly eroding due to increasing rents and buildings being sold to new ownership. Using units with rents below \$750 per month as a benchmark (affordable for a household with an annual income of \$30,000), the number of rental units in the Hamilton CMA declined by some 10,400 between 2011 and 2016, with another 5,500 lost between 2016 and 2021. Similarly, between 2016 and 2021, the CMA lost 9,200 units with rents between \$750 and \$1,000.

Change in number of rental units under \$750: Hamilton (non-subsidized rental stock)

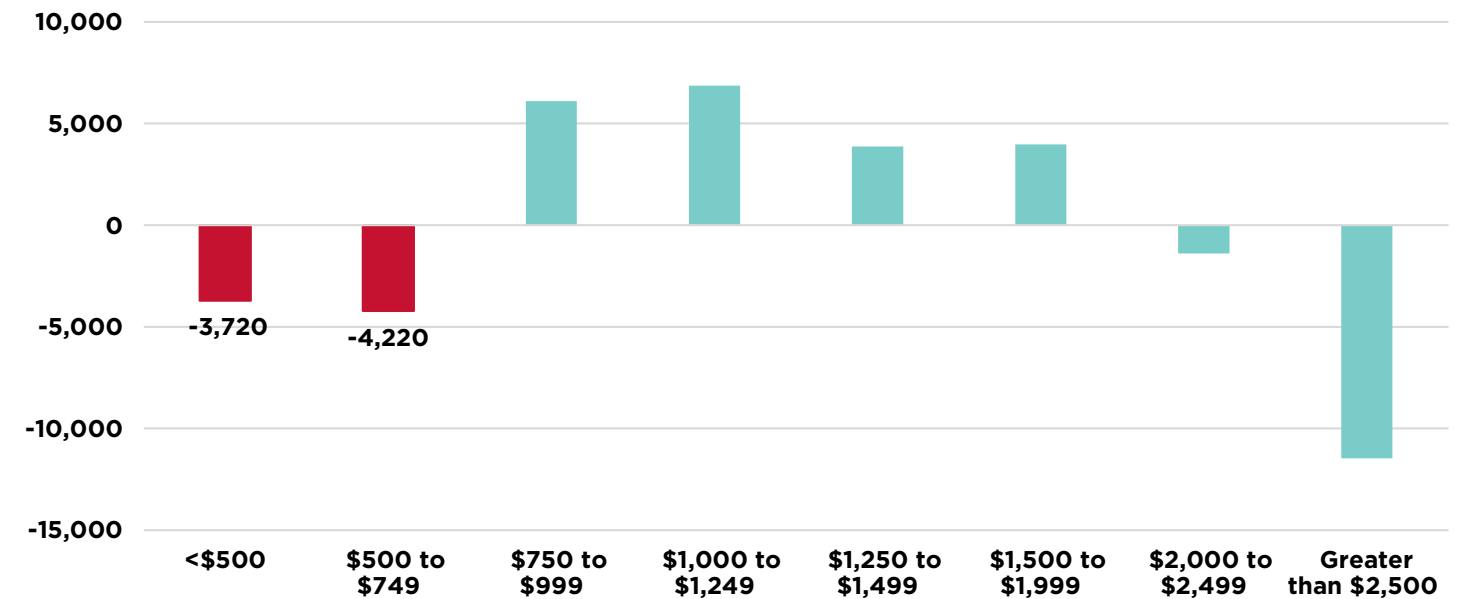


Supply of rental units compared to income range

One way of examining adequate affordable rental housing supply is to compare the distribution of households by income range to the number of units in a corresponding affordable rent range, using 30% of annual income spent on housing costs as the rule. For example, households with annual incomes of \$20,000 to \$30,000 are compared to the number of units that rent for \$500 to \$750 per month.

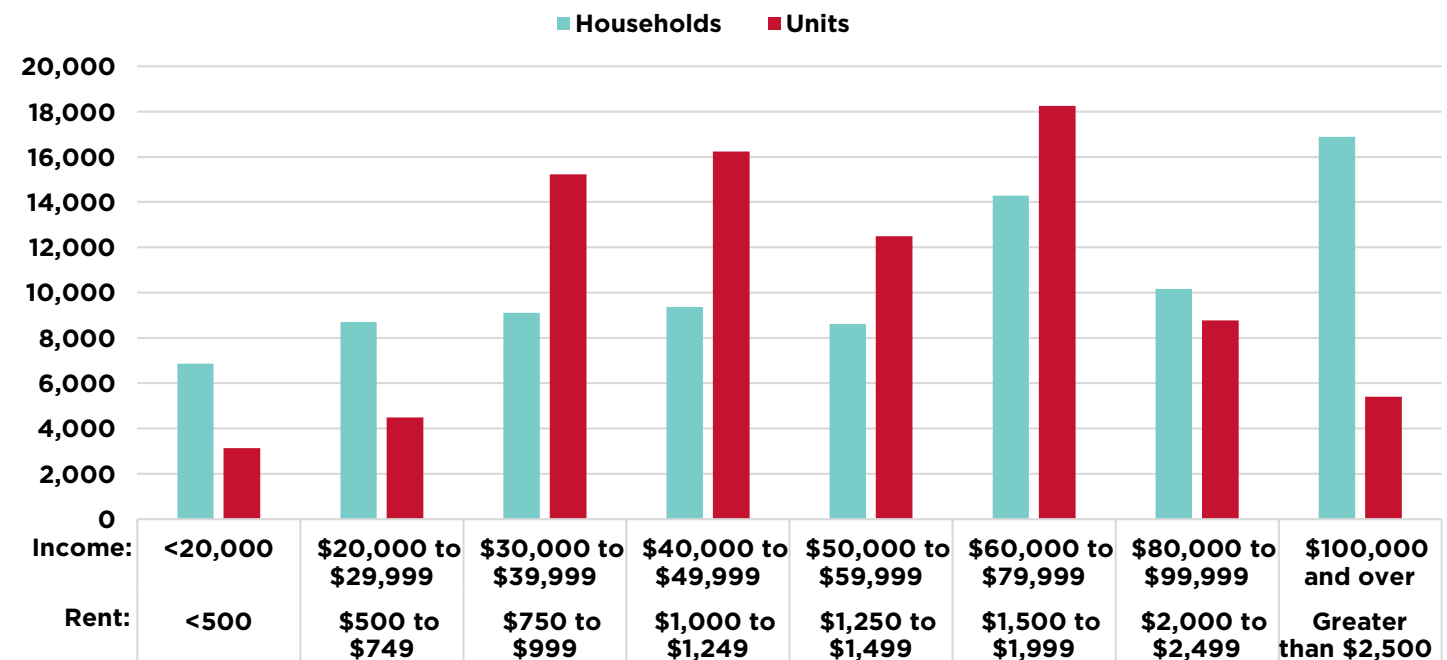
As shown in the next two charts, based on census data, in 2021 there was a shortfall of almost 8,000 units under \$750 — a rent range affordable for those with incomes under \$30,000 — influenced by the erosion of units as noted above. The lack of lower-rent units means that many households with incomes below \$30,000 live in units renting above \$750, and many above \$1,000 — well over the 30% affordability benchmark.

Shortage/surplus of rentals by rent range



While these charts show, in theory, a shortage in units over \$2,500, it also reflects a substantial number of higher-income renters who occupy units for under \$2,000 per month. The large number of higher-income renters might also create an incentive to build luxury rental units or detached homes.

Mismatch of existing homes versus required

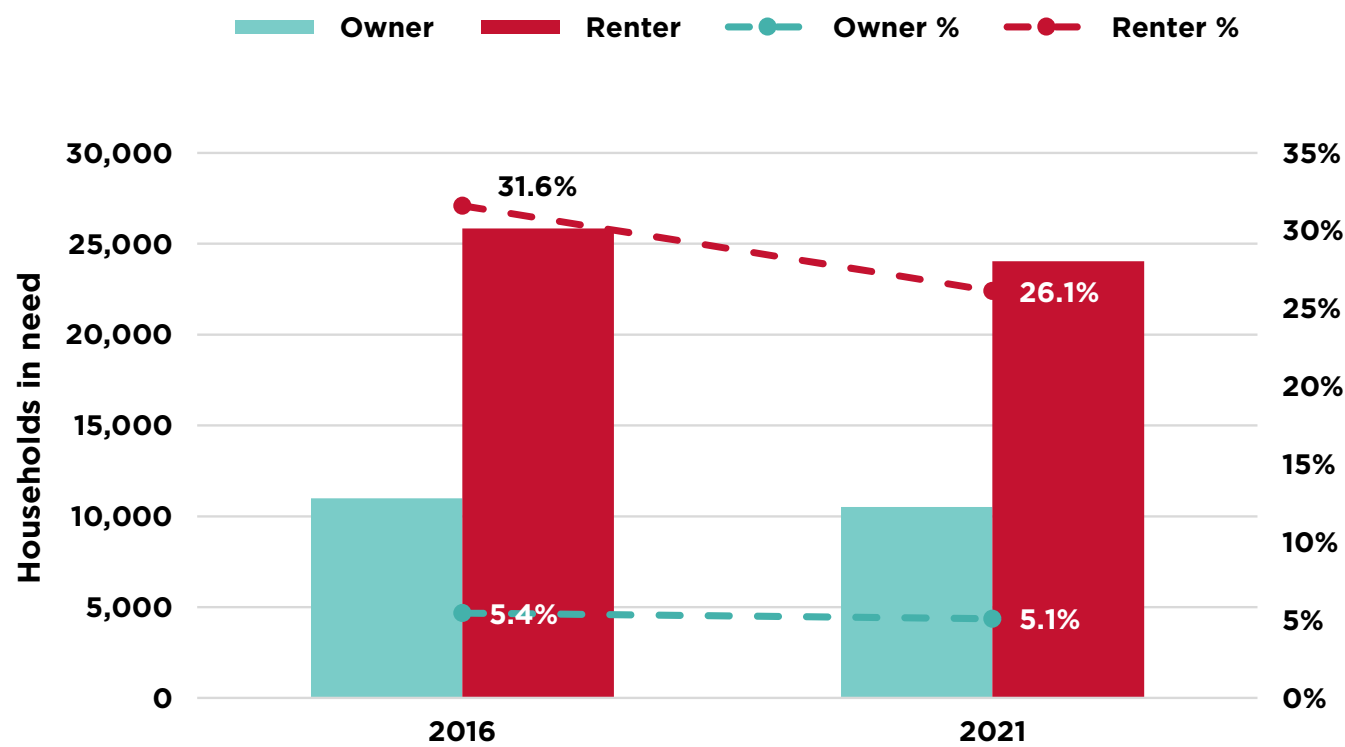


Core housing need

Households are deemed to be in core housing need if they meet one of three conditions: 1) the home is in inadequate condition, 2) the home is unsuitable (too few bedrooms), or 3) the home is unaffordable (rent or mortgage exceeds 30% of the household's annual income). The majority (75%) of those in need in Hamilton live in adequate and suitable housing, but their housing is unaffordable.

In 2020, pandemic benefits temporarily improved incomes and resulted in total core housing need declining from 36,800 households to 34,500 households and, as a share of all households, from 13% to 11.6%. As shown in the chart below, the number and incidence of need is much higher for renters than owners, because, on average, renters have much lower incomes. Among owners, 5% are in core housing need, while for renters more than one-quarter (26.1%) are in core need.

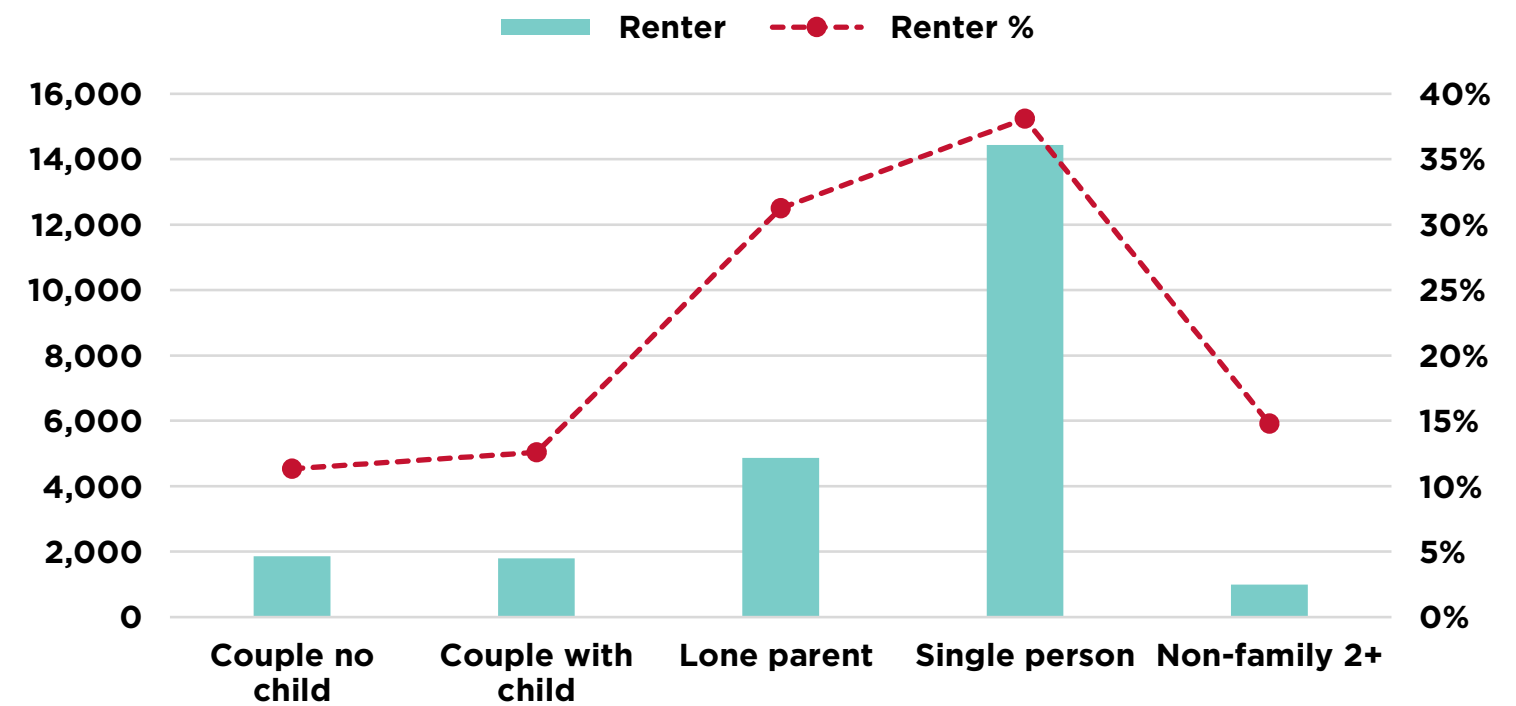
Core housing need 2016, 2021



Core housing need by household type

In 2021, just over 24,000 renter households were in core housing need. Not surprisingly, with the most significant problem being affordability, core need is most acute among single-income households. Of all single households (including senior and non-senior), 38% are in core housing need and make up 60% of all households experiencing core housing need. Problems are also acute for lone parents, who are the next largest household type in need. Across household types, seniors (people over age 65) make up almost one-third (31%) of all those in core housing need.

Core need 2021: renters by household type



Social housing waitlist

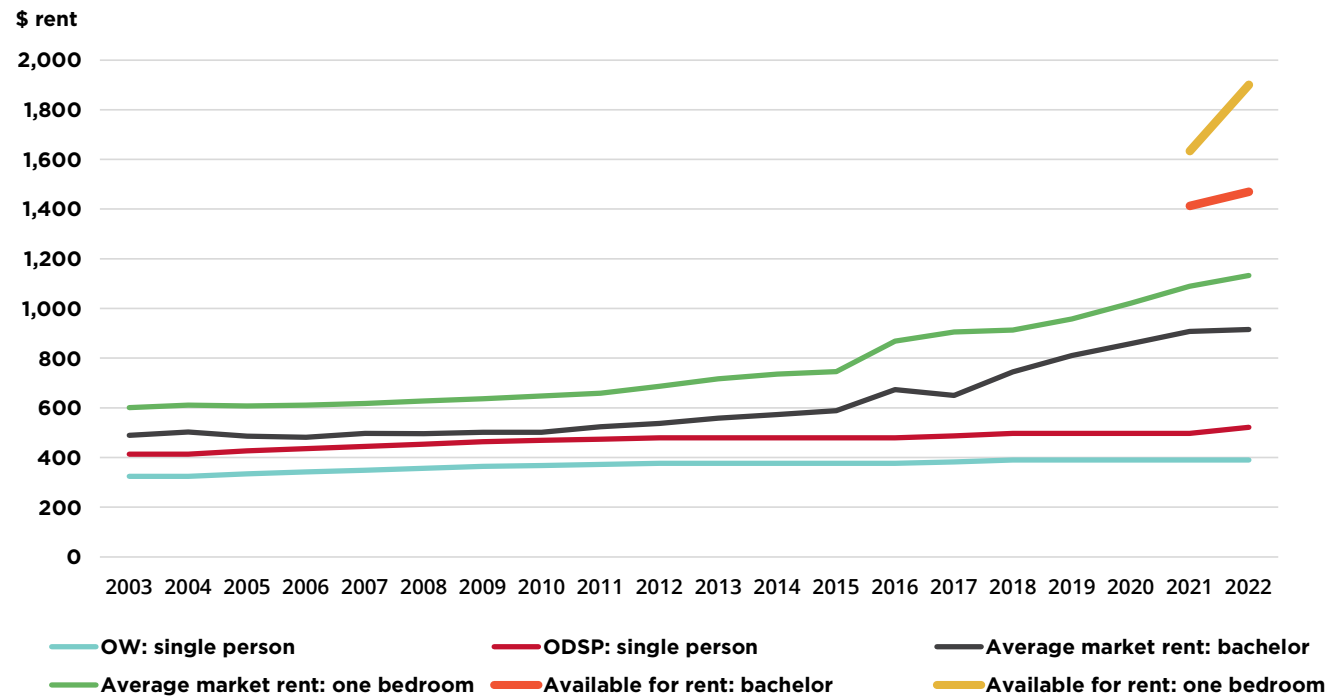
The number of households on the waitlist for rent-geared-to-income housing was 6,110 in December 2022, up 7% from December 2021, but down from the 2020 peak of 6,647. There were 1,082 households who received housing in 2022, double the 2021 total, when 542 households received housing. This results primarily from an increased number of portable housing benefits from the Canada-Ontario Housing Benefit.

The average wait varies by area of the city and type of housing requested. For single-family homes and one-bedroom apartments, the wait can be over eight years. For bachelor units or units for seniors, the wait can be under one year.

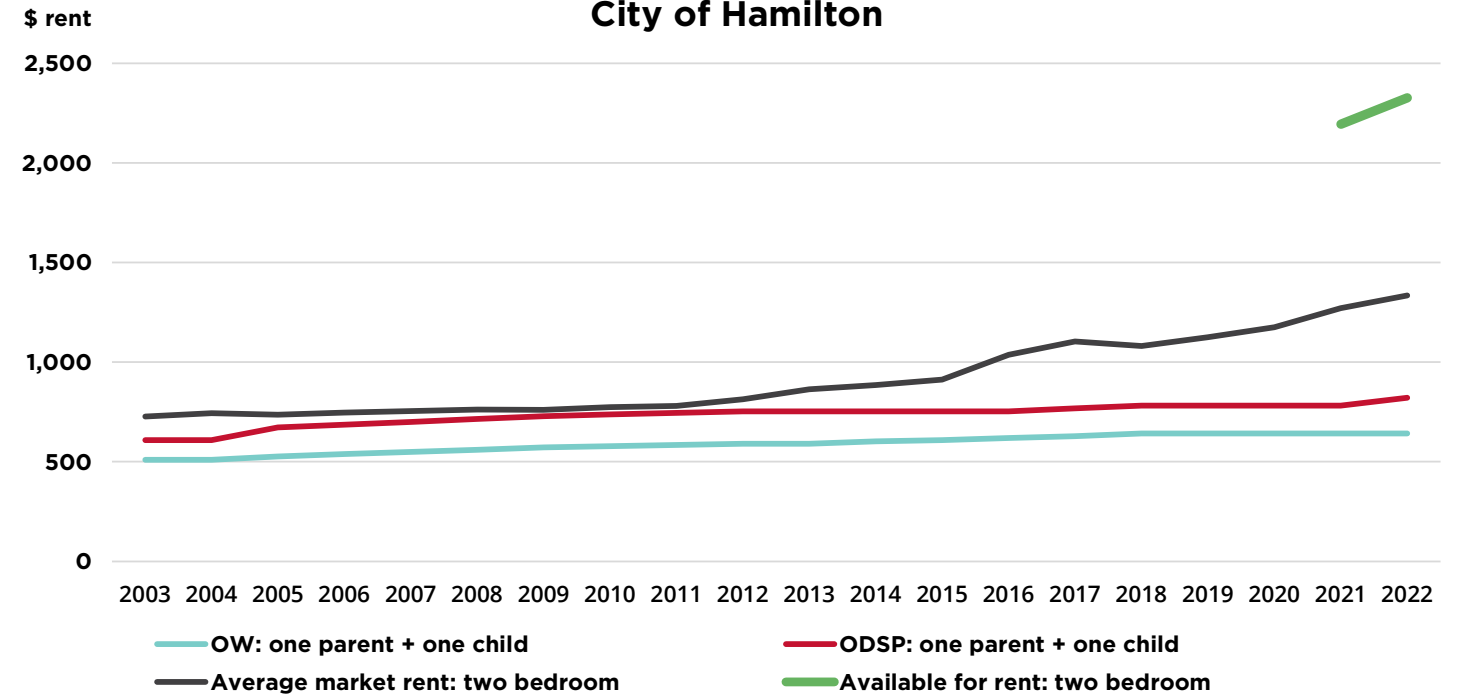
Social assistance rates compared to average rents

Social assistance, including both Ontario Works and Ontario Disability Support Program, comprises two components: 1) a shelter component meant to cover housing costs, and 2) a personal needs amount to contribute to a household's living expenses. Over the past two decades, the gap between the shelter component and average market rents widened dramatically. In 2022, the maximum shelter component for a single person on Ontario Works was \$390, and for ODSP was \$497: less than half of the \$920 average monthly rent for a bachelor apartment and the average \$1,133 monthly rent for a one-bedroom. For a family of four, the maximum shelter component of Ontario Works was \$756, and on ODSP was \$918, while the average rent for a three-bedroom apartment was \$1,450/month. As shown in the next two charts, for units that are currently available to rent, the gap was even more stark: in 2023, the monthly rent for an available one-bedroom apartment was \$1,901, and \$2,401 for an available two-bedroom unit — three-to-four times the maximum shelter allowances.

Single person maximum shelter rate: OW and ODSP compared to average market rents: bachelor and one-bedroom units
City of Hamilton



One parent + one child maximum shelter rate: OW and ODSP compared to average market rents: two-bedroom units
City of Hamilton



Number of people seeking emergency shelter

The number of people considered actively homeless in Hamilton (defined as using homeless-serving services funded by the City of Hamilton) increased to 1,534 in January 2023, up from an average of 1,202 in 2021, and 1,012 in 2020. Of the 1,534 people experiencing homelessness, 494 had been homeless for more than six months. Over the entire calendar year of 2022, just over 4,000 people experienced homelessness at some point. Of those, 2,200 were men, 1,090 were women, 198 were seniors, 157 were youth, and 206 were families. A total of 468, or 11%, reported Indigenous heritage, although understanding of who uses emergency shelters was greatly enhanced by the more detailed 2022 “Point in Time Connection” conducted by the City and the Coalition of Hamilton’s Indigenous Leadership. Interviews over a two-day period with 545 people who were experiencing homelessness in Hamilton found:

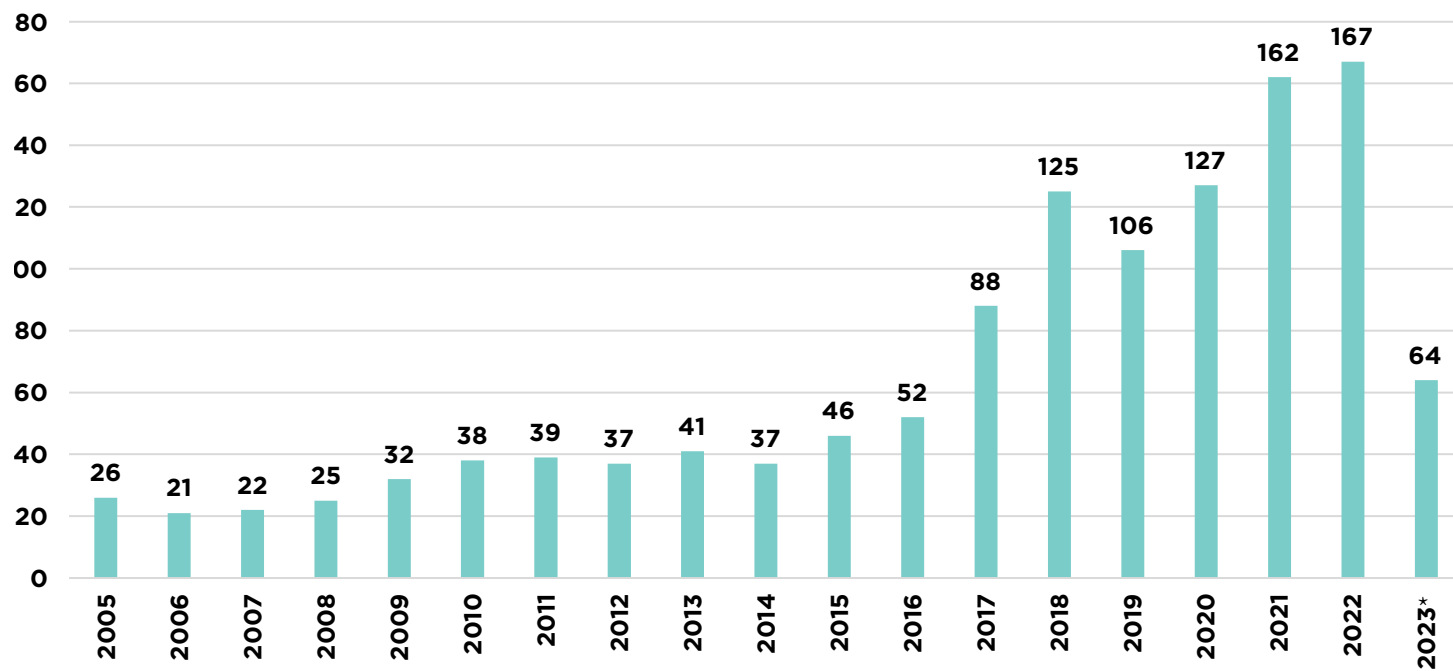
- 23% identified as Indigenous or as having Indigenous ancestry
- 40% reported having a chronic health condition
- 38% reported having a substance use condition

The top five barriers to finding housing were identified as: 1) high rent, 2) low income, 3) no social assistance, 4) poor housing conditions, and 5) discrimination.

Opioid addictions and homelessness

In April 2023, Hamilton City Council declared a state of emergency over homelessness, opioid addiction and mental health. The number of Hamiltonians who have died due to opioid overdoses has grown to over 150 deaths per year from an average of 40 per year between 2010 and 2016. This trend has been particularly acute among people experiencing homelessness. A 2023 study found 27 Hamiltonians who were experiencing homelessness had died in the last six months from opioid overdoses.

**Number of opioid deaths, City of Hamilton
2005 - current**



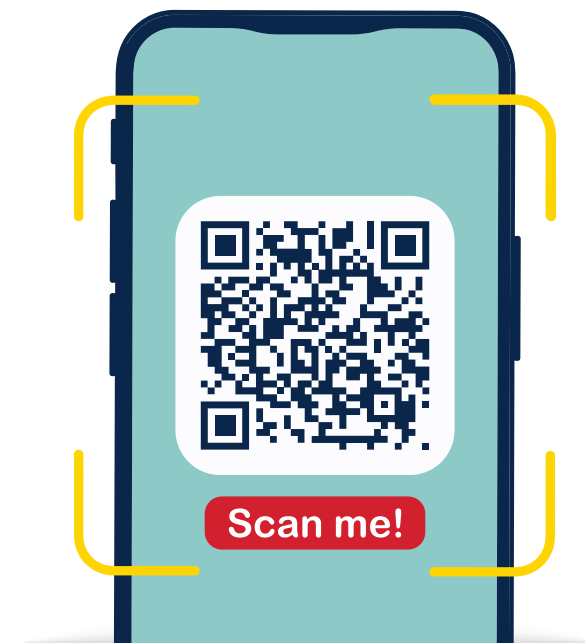
*Jan 1 to Apr 30

During the first six months of 2023, Hamilton Paramedic Services responded to 512 incidents related to suspected opioid overdoses. At this pace, Hamilton will experience its highest annual number of calls, with 814 recorded in 2022 and 914 calls in 2021. These annual totals are nearly double the 450 calls that were received in 2017.

Vital Signs: Affordable Housing

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

Additional contributions, Jeff Wingard, *Project Manager*



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and tell us what you think.**

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