



DEVELOPMENT SERVICES MEMORANDUM

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TO: MAYOR A. NUTTALL AND MEMBERS OF COUNCIL

FROM: J. ROBERTS, MANAGER OF STRATEGIC INITIATIVES POLICY AND ANALYSIS
EXT. 4507

WARD: ALL

NOTED: M. BANFIELD, RPP, DIRECTOR OF DEVELOPMENT SERVICES

B. ARANIYASUNDARAN, P. ENG., PMP, GENERAL MANAGER OF
INFRASTRUCTURE AND GROWTH MANAGEMENT

RE: AFFORDABLE HOUSING STRATEGY – FOLLOW UP ITEMS

DATE: FEBRUARY 7, 2024

The purpose of this Memorandum is to provide members of Council with responses to questions asked or additional information requested during the General Committee meeting on January 10, 2024, regarding Staff Report DEV002-24 - Affordable Housing Strategy.

Additional Information on the Causation of the Affordability Crisis

The housing affordability issues are primarily attributed to several interconnected factors, these primary causes include:

1. Demand and Population Growth

Ontario, especially growing cities such as Barrie have experienced significant population growth due to immigration and internal migration. This increased demand for housing can outpace the supply, leading to higher prices.

The Housing Needs Assessment identifies that internal migration has been the primary driver of population growth in Barrie over the past two decades. Internal migration refers to persons moving to Barrie from elsewhere in Ontario or Canada. Since 2002, the City has grown by an average of about 3250 persons annually, with internal migrants accounting for just over 1900 net new residents annually on average (59% of total growth). The number of non-permanent residents in the City of Barrie has been increasing since 2016, in 2022, there were 2,766 non-permanent residents. **(Figure 1)**

This is likely due to an increase in international students attending Georgian College's campus in Barrie. Post-Secondary enrollment pressures are putting a strain on the housing market, many students require relatively affordable housing options and often must compete in the market with low- or moderate-income households, putting a further strain on this increasingly limited segment of the market.

In recent years, both universities and colleges have expanded their international enrolment, with the increase being particularly dramatic for colleges, about half of which in Ontario now feature a student body with 40%+ international students. **(Figure 2)**

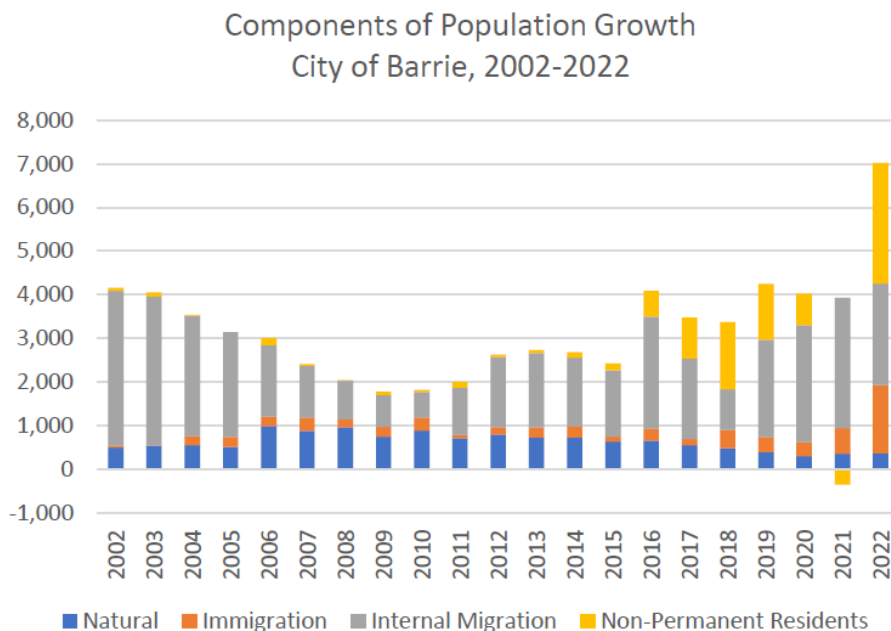


Figure 1

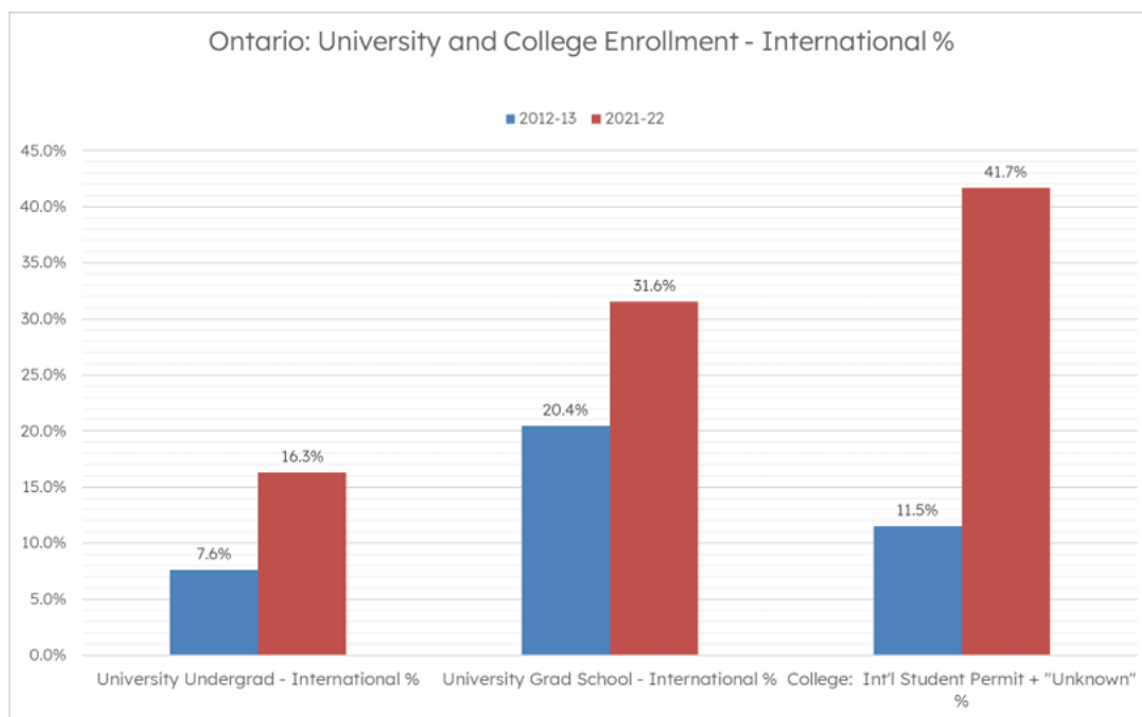


Figure 2

While many domestic students live with family if attending school locally, international students cannot. The shift towards a higher proportion of international students has had a considerable impact on housing markets, particularly those that include colleges.

At the same time, these schools are not building student housing at a rate that responds to these changes in enrollment. This forces students who are seeking housing to look elsewhere in the housing market and to compete with residents for the limited supply of relatively affordable housing in the market. This is putting significant strain on the already limited rental market.

In 2022, the Provincial government announced its plan to increase the annual permanent resident target from 405,000 in 2021 to 465,000 in 2022, before stabilizing at 500,000 in 2024, this number is almost double the 260,411 permanent residents in 2014.

(Source: CBC <https://www.cbc.ca/news/politics/immigration-housing-crisis-costs-1.7088878>)

By the end of 2023, there were 2,511,437 non-permanent residents in the country (this includes international students and temporary foreign workers) compared to 1,305,206 in the fall of 2021. (Source: Statistics Canada). On January 22, 2024, the Federal government announced that it is moving forward with measures to stabilize the number of international students in Canada by capping international student permit applications and decreasing numbers from 2023 by 35%.

The Affordable Housing strategy provides initiatives to accommodate growth through immigration, migration, and post secondary enrolment pressures, by modernized zoning standard and permitting a great diversity of housing as well as advocating to upper levels of government to balance population growth with the number of housing units being built.

2. Limited Housing Supply

Constraints on land availability can limit the construction of new housing units. This imbalance between supply and demand contributes to higher home prices. Arguably the biggest factor that has led to affordability gaps across Ontario and Canada is a lack of sufficient housing supply. Simply put, we are not building enough housing to meet the demand from a changing and growing population. As with any commodity, when demand outstrips available supply, prices climb. Canadian Mortgage and Housing Corporation (CMHC) estimates that Canada requires an additional 3,500,000 homes (above baseline trends) by 2030 to restore housing affordability. Housing completions have been declining over the past 15 years, and over the past five years, construction activity on a per capita basis has been at its lowest point (319 homes per 1,000 new residents) since the mid to late-1950's.

3. Speculation and Investment

Real estate speculation and investment, both domestic and foreign, have been cited as contributors to rising home prices. When housing is viewed more as an investment than a place to live, it can drive up demand and prices.

4. Development Costs and Regulations

The costs associated with land development, construction, and various regulations can impact the affordability of housing. Building codes, development charges, and fees can increase the overall cost of constructing new homes.

5. Interest Rates, Inflation and Mortgage Stress Tests

Changes in interest rates and mortgage stress tests implemented by regulatory authorities can affect the ability of individuals to qualify for mortgages, impacting the demand for housing. Similarly,

residents who bought houses during the past 5 years during a period of record low interest rates, these mortgages are now coming for renewal with a much higher interest rate making affordability worse for those who are already in the housing market.

6. Income Inequality

Income disparities create challenges for individuals and families to afford housing. High-income inequality may result in a significant portion of the population struggling to keep up with rising home prices.

7. Rising Construction Costs

The cost of building materials, labor, supply chain disruptions lingering from the pandemic and other construction-related expenses can impact the overall cost of housing. When these costs rise, developers may pass them on to homebuyers. The Altus Construction Cost report below, highlights the increasing costs of different built forms have been climbing since 2019.

It is noted that ground related housing, has the greatest return on investment, and yet still remains unaffordable to the market.

Change in Per Square Foot Construction Costs GTA, 2019 to 2023				
Housing Type	2019 Average	2023 Average	Change (2019 to 2023)	
Single-Detached	\$165	\$245	\$80	48%
Townhouse	\$133	\$223	\$90	68%
Stacked Townhouse	\$158	\$253	\$95	60%
6-Storey Apartment	\$188	\$283	\$95	51%
12-Storey Apartment	\$225	\$328	\$103	46%
25-Storey Apartment	\$223	\$328	\$105	47%
40-Storey Apartment	\$230	\$360	\$130	57%
Underground Parking Garage	\$138	\$238	\$95	69%

Source: Altus Group

Note: Average pricing per square foot is based on the mid-point of the range provided by Altus Group in their annual construction cost guide. Construction costs do not include the cost of land or associated development fees (permits, Development Charges etc.)

8. Rental Market Challenges

Limited rental options and rising rental prices can make it difficult for individuals to save for a down payment on a home, further contributing to housing affordability challenges.

9. Government Policies

Policies related to housing, such as rent control measures, first-time homebuyer incentives, zoning regulations and affordable housing initiatives, can influence the overall affordability of housing.

The Affordable Housing Strategy identifies many actions to target the primary causes of unaffordability such as: zoning reform, financial initiatives, process improvements to development approvals, rental replacement by-law.



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County Waitlist Stats

The Housing Needs Assessment provided the following information regarding the County of Simcoe Social Housing programs in Barrie:

- There are 2802 Rent Geared to Income (RGI) units in Simcoe County, 45% of which are in the City of Barrie (1265 units) Barrie also has 1,073 affordable housing units (County and non-profit owned), including rent supplements, new affordable rental developments, second suites, and affordable homeownership units through downpayment assistance programs.
- The County's waitlist for social housing includes 4877 households. About 61% of these waitlist households are in Barrie (2996 households) - the longest waitlist in the County
- The waitlist is growing, indicating supply is not meeting demand for low-income housing.

Staff met with County staff to discuss an update on these statistics and their programs. Discussion was had as to why centralized waitlist data may not be the only indicator to provide Council with an accurate picture of the need for housing and responsiveness. Across all service managers, the centralized waitlist provides a snapshot in time of those who are currently on the waitlist for specific buildings in specified areas across the County of Simcoe. This is a real time dynamic list which changes on a daily basis. The list is dynamic in nature for varying reasons including, but not limited to, units becoming available, people finding other accommodations and not removing themselves from the list, people becoming ineligible or unable to move at time of offer, internal transfers and those with special priority status.

Centralized waitlists for affordable housing can face challenges in accurately gauging housing need and the responsiveness of available housing stock for several reasons:

1. Incomplete Information
Centralized waitlists (CWL) may not capture the full extent of housing need because not everyone in need of affordable housing may be aware of or registered on the centralized list. Some individuals or families facing housing challenges may not have access to or be aware of the registration process. CWL numbers for municipalities that do not have mandated affordable units would not have any waitlist; however, in reality there can be demand not captured.
2. Diverse Needs and Preferences
Housing needs vary widely among individuals and families. Centralized waitlists might not adequately account for the diverse preferences, family sizes, and specific needs of applicants. An individual or family's ideal housing situation may not align with the available options on the centralized list.
3. Regional Variations
Housing markets and affordability challenges can vary significantly from one region to another. Centralized lists may not capture the nuanced and localized demand for affordable housing. There are examples of people on the waitlist who are looking for housing in Barrie but live in other parts of the County of outside of the region entirely. They may also be on several waitlists for different municipalities, creating some amount of double counting.
4. Changing Circumstances
Housing needs are dynamic and can change over time due to various factors such as changes in family size, employment status, or health conditions. When someone adds themselves to the waitlist they may not be looking for same accommodations when they have the opportunity to be placed.

5. Supply Constraints

Even with a centralized waitlist, there may be resource constraints in terms of the available affordable housing stock. If the supply of affordable housing does not match the demand, individuals and families on the waitlist may face extended waiting periods, leading to increased frustration with the system.

A more accurate measure of evaluating the success of the County's Social Housing Program would be to take into account all available tools including the centralized waitlist for RGI and affordable housing units as well as tools that measure core housing needs across the County and supply and demand for housing. The affordable housing strategy evaluation will use various tools for measuring core housing needs in Barrie as a measure of effectiveness and will be reported back annually through the Affordable Housing monitoring report.

Georgian College Seniors Home Sharing Program

Georgian College staff provided the following details regarding the program.

Georgian College partnered with [SpacesShared](#) in spring 2023, as the program was newly launched. SpacesShared is a platform that connects students with homeowners (often older adults) who have an available room in their home. Hosts are encouraged to provide discounted rent in exchange for students supporting household tasks. This type of arrangement has mutual benefit as the student is provided affordable and safe housing, and the opportunity to build connections in the community to support their belonging. It also potentially allows for homeowners to remain in their home longer should they need additional support or leverage the additional financial contribution to support independent living.

As with any start up, the program is building momentum as the community awareness about the program continues to build. SpacesShared has built many connections with schools across Canada since our initial connection with them. We are continually seeking opportunities to share the platform and benefits with the community.

Currently there are 35 active host accounts in Barrie, with 19 available rooms posted on the site. Currently there are 9 student/host matches living together and Georgian College expects this number to continue to grow as awareness of the program within in the community builds.

Georgian College Housing Strategy

Georgian College is currently undergoing a Housing Strategy, EY Canada was selected to complete the strategy. The work completed to date includes a current state analysis, student demand study and constituent engagement (including the Mayor and key City of Barrie team members).

A Housing Strategic Advisory Group has been named which includes Georgian College, the City of Barrie and EY Canada representatives.

Georgian College expects to have some preliminary information to share with the City in February 2024. The final Housing Strategy is to be delivered by EY Canada in April 2024.